#### By Bradford Richardson

There's no love lost between Vice President Mike Pence and North Korea.

Months after the communist regime denounced the vice president as a "political dummy," Mr. Pence shot back with blistering criticisms Thursday to close out the State Department's inaugural Ministerial to Advance Religious Freedom.

The vice president said the ongoing denuclearization negotiations should not overshadow North Korea's brutality toward its own people.

"While we all hope that relations between the United States and North Korea continue to improve, and we certainly hope that the threat posed by North Korea's nuclear and ballistic weapons program can be eliminated, there is no escaping the plain fact that North Korea's leadership has exacted unparalleled privation and cruelty upon its people for decades," he said.

The three-day religious freedom summit was convened by the State Department to highlight concrete ways that the international community can preempt religious persecution around the world.

More than 80 countries sent delegations to the ministerial, representing a diverse array of faith groups including Buddhists, Christians, Jews and Muslims.

North Korea wasn't the only human rights abuser on the vice president's hit list.

Mr. Pence said the Nicaraguan government is "virtually waging war on the Catholic Church"; Christians and other religious minorities are "routinely fined, flogged, arrested, assaulted, and even killed" in Iran; and the Russians have "arrested and imprisoned" scores of Jehovah's Witnesses, essentially banning the group's adherents from practicing their faith.

The vice president also took Turkey to task for continuing to detain an American pastor who was caught up in the crackdown following the failed 2016 coup attempt. Mr. Pence said the Trump administration will impose economic sanctions on Turkey until Andrew Brunson is set free.

"And to President Erdogan and the Turkish government, I have a message on behalf of the President of the United States of America: Release Pastor Andrew Brunson now, or be prepared to face the consequences," Mr. Pence said. "If Turkey does not take immediate action to free this innocent man of faith and send him home to America, the United States will impose significant sanctions on Turkey until Pastor Andrew Brunson is free."

The vice president also had strong words for the Chinese government, pointing to Beijing's policy of sending Uyghur Muslims and other religious dissidents to "re-education camps, where they're forced to endure around-the-clock political indoctrination and to denounce their religious beliefs and cultural identity."

Yet for all of China's abuses, Mr. Pence said "their neighbor in North Korea is much worse." He went so far as to say that the persecution of Christians north of the DMZ has "no rival on the Earth."

"It is unforgiving, systematic, unyielding and often fatal," Mr. Pence said. "The mere possession of a Christian Bible is a capital offense. And those identified by the regime as Christians are regularly executed or condemned with their families to North Korea's gulags."

The vice president also accused the regime of using "torture, mass starvation, public executions, murders and even forced abortions" to maintain its grip on power. He said as many as 130,000 North Koreans are currently serving life sentences in "unimaginably brutal slave labor camps."

Mr. Pence's remarks come one day after the Senate Foreign Relations Committee grilled Secretary of State Mike Pompeo about the Trump administration's foreign policy.

At the hearing, Sen. Edward Markey, Massachusetts Democrat, said he feared the United States was being "taken for a ride" by North Korean leader Kim Jong Un in the denuclearization negotiations.

In his remarks Thursday at the ministerial, Mr. Pompeo said the religious freedom summit "truly reflects President Trump's ironclad commitment to protecting this important liberty" around the world.

"Millions of people of all faiths are suffering every day," he said. "But the Trump administration will not be silent. As part of that, the State Department will continue the good work it has already done for many years to ensure religious freedom."

Mr. Pompeo announced several steps that the State Department is taking right now to alleviate the suffering of persecuted faith groups.

The State Department will provide an additional \$17 million in funding toward clearing landmines in the Ninevah region in Iraq, an area historically home to religious minorities.

Mr. Pompeo said the agency will release Thursday two documents, the Potomac Declaration and the Potomac Plan of Action, reasserting America's "unwavering commitment to promoting and defending religious freedom." Statements addressing human rights abuses in Burma, China and Iran will also be forthcoming, he said.

And the State Department plans to hold another religious freedom summit next year, Mr. Pompeo said, as well as regional follow-up conferences around the world to build on the ministerial's progress.

"The United States advances religious freedom in our foreign policy because it is not exclusively an American right," Mr. Pompeo said. "It is a God-given universal right bestowed on all of mankind."

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### **EDITORIALS & OP-EDS**

### The Trump Two-step Strikes Again (Zakaria, WP)

Thursday, July 26, 2018 <u>Washington Post</u> By Fareed Zakaria

Listen closely. That sound you heard at Wednesday's joint news conference between the presidents of the European Commission and the United States was Donald Trump backtracking once again. This has become a familiar routine. It goes something like this: Begin by hurling insults at the other side, some of which have a basis in reality but are mostly wild exaggerations. Threaten extreme consequences. Then meet with the other side, backpedal and triumphantly announce that you have saved the world from a crisis that your rhetoric and actions caused in the first place. Call it the Trump two-step.

Think about Trump's actions with regard to North Korea. He began by calling Kim Jong Un "a madman who doesn't mind starving or killing his people" and threatening "fire and fury . . . the likes of which this world has never seen before." He solved his own crisis by making unilateral concessions to Kim and gushing about how the North Korean people "love" their absolute dictator and how he, Trump, trusts him. The same pattern applies with the European Union, which he only recently described as "worse than our enemies." Now, he tells us, after meeting with European Commission President Jean-Claude Juncker, that the E.U. and America truly "love each other." Expect to hear a similar climb-down on China one of these days.

For Trump, there is no cost to this strategy, because his words are weightless. He starts with what he described in "The Art of the Deal" as "truthful hyperbole" (as opposed to the many outright falsehoods that he also tells) and then, when confronted, adjusts to something closer to reality.

There are those who assert that Trump's seemingly bizarre and unpredictable behavior is actually all part of a canny and wise strategy, that he is playing a kind of four-dimensional

chess, operating in space-time. Well, if so, he is getting beaten badly here on Earth. In none of these situations has he actually been able to extract real concessions. His usual approach is to announce something vague, as with North Korea and the trade talks with Europe, or something already in place, such as NATO members' promise to spend 2 percent of their gross domestic product on defense by 2024, and claim it as a victory.

But there is a cost to this bluster and flip-flopping. Trump is creating a reputation for the United States as erratic, unpredictable, unreliable and fundamentally hostile to the global order. Leader after leader in Europe has made this clear. George Osborne told me that when he was Britain's finance minister, you knew "the United States president had your back." Neither Britain nor any other country can be sure of this anymore. As Donald Tusk, president of the European Council, put it, "With friends like that who needs enemies[?] . . We [realize] that if you need a helping hand, you will find one at the end of your arm."

Economist Adam S. Posen argues that countries are now bypassing the United States and constructing a "post-American world economy." You can see this in the flurry of trade agreements that don't include the United States, from the Trans-Pacific Partnership, which was signed minus America, to the trade deal the E.U. just struck with Japan. Many others are in the works.

The most dramatic indication of the world sidestepping the United States, Posen says, is the decline in foreign investment. "It's fallen off a cliff," he told me. On average, net foreign investment into the United States has dropped by half since 2016. "The decline is all the more worrying," Posen writes in Foreign Affairs, "since many factors should have been pushing direct investment in the United States up this year. The massive fiscal stimulus passed by Congress should have increased [foreign investment] in three ways: by boosting spending, which increases U.S. growth prospects; by making the tax code more favorable to production in the United States; and by cutting the corporate tax rate."

Perhaps some of the decline in investment is part of a longer-term trend — other countries are growing faster than the United States. But for decades, that reality has been countered by another reality — that among the world's rich nations, the United States was unique in having good growth prospects coupled with stable, predictable, pro-market policies. Trump's attacks on trade and allies, his willingness to punish and reward individual companies, and his general unreliability all add up to a picture of policymaking that looks more like that of an erratic developing country run by a strongman. The difference is, America's strongman has the power to disrupt the entire global economy.

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### The Big Lesson From Trump's Truce On Trade? Pushback Works. (WP)

Thursday, July 26, 2018 Washington Post

Here is the lesson of President Trump's sudden decision Wednesday to call a truce in his trade war with the European Union: Pushback works.

As recently as Tuesday, Mr. Trump seemed committed to escalating the tariff war he started with Europe on June 1 by implementing steel and aluminum tariffs on that 28-nation confederation. The E.U. retaliated on June 22 with levies on iconic U.S. goods such as bourbon and Harley-Davidson motorcycles — and Mr. Trump raised the ante by threatening a 25 percent tariff on European auto imports. All the while, he pursued tariffs against other trading partners such as Canada, China and Mexico, which were striking back against U.S. agricultural and industrial goods produced in heartland states where Republican senators and members of Congress face difficult midterm elections. It did not help Mr. Trump's cause that U.S.-based auto manufacturers who would purportedly benefit from tariff protection did not want it — and said so loud and clear. The administration's proposal to hand farm country a \$12 billion trade-war bailout also fell flat, with Republican senators chorusing their opposition.

With U.S. industry, U.S. agriculture, long-standing European trading partners and members of his own party all telling Mr. Trump to cool it, he did something he rarely does — listen. The "deal" the president trumpeted on Wednesday in the company of European Commission President Jean-Claude Juncker was his face-saving off-ramp. It amounts to little more than a mutual promise to talk about reducing trade barriers on both sides of the Atlantic, and to impose no new ones in the meantime. Tariffs on industrial goods other than autos would be targeted for elimination. Europe embellished it with a pledge to buy more American soybeans, thus offsetting China's tariffs on that product, and to import more U.S. natural gas in the distant future. Considering that the negotiating agenda Mr. Trump and Mr. Juncker sketched resembles the Transatlantic Trade and Investment Partnership that President Barack Obama tried to launch with Europe, you could almost say that all Mr. Trump has to show for his trade war with the European "foe" is a return to his predecessor's policy, plus some beans.

Still, this is a positive development, because a negotiated mutual opening of markets would benefit the U.S. economy, if indeed Mr. Trump's team can make it happen; because it avoids a worsening of global tensions; and, last but not least, because Mr. Trump did, however reluctantly, resist his worst

instincts. We hope that some of the new pragmatism infuses talks on salvaging the free-trade agreement with Canada and Mexico.

Caveats apply: On May 20, Treasury Secretary Steven Mnuchin put a trade war with China "on hold," only to have the president resume it less than two weeks later. The same thing could happen with Europe. Also, before his deal with the E.U., Mr. Trump badly and possibly lastingly damaged international trade norms, especially by putting "national security" in play as a rationale for ordinary protectionism. This points to the lingering structural problem in U.S. trade policy: Congress's delegation of too much easily abused tariff-raising power to the president. Republican pushback will really have meaning when it produces legislation to take away some of the president's discretion in such matters.

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### Trump Is Using Tariffs To Advance A Radical Free-trade Agenda (Thiessen, WP)

Thursday, July 26, 2018
Washington Post
By Marc A. Thiessen

Give President Trump credit. When he chastised NATO allies over their failure to spend adequately on our common defense, his critics said he was endangering the Atlantic alliance. Instead, his tough stance persuaded allies to spend billions more on defense, strengthening NATO instead.

Now, Trump is doing the same on trade. At the Group of Seven summit in Quebec, Trump was roundly criticized for publicly berating allies over their trade practices and provoking a needless trade war. Well, once again, it appears Trump is being proved right. On Wednesday, he and European Commission President Jean-Claude Juncker announced a cease-fire in their trade war and promised to seek the complete elimination of most trade barriers between the United States and the European Union. "We agreed today . . . to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods," declared the two leaders in a joint statement.

Zero tariffs. Wednesday's breakthrough with the European Union shows that, contrary to what his critics allege, Trump is not a protectionist; rather, he is using tariffs as a tool to advance a radical free-trade agenda.

In a little-noticed interview with Fox News's Maria Bartiromo earlier this month, Trump revealed that during the G-7 summit he made a sweeping proposal. "I said, 'I have an idea, everybody. I'll guarantee you we'll do it immediately. Nobody pay any more tax, everybody take down your barriers. No barriers, no tax. Everybody, are you all set?" . . . You know what happened? Everybody said, 'Uh, can we get onto

another subject?' "Trump offered to eliminate all trade barriers — and his supposedly pro-free-trade allies passed. Right before his meeting with Juncker this week, he repeated the offer, tweeting, "The European Union is coming to Washington tomorrow to negotiate a deal on Trade. I have an idea for them. Both the U.S. and the E.U. drop all Tariffs, Barriers and Subsidies!"

Trump knows that most of our trading partners don't really want free trade; they want managed trade, where they can get access to U.S. markets while protecting certain industries from U.S. competition. Trump's strategy to get them to drop these protectionist barriers is to impose crushing tariffs. At a rally earlier this week, Trump explained his strategy for getting to zero tariffs. "You know, other countries have tariffs on us. So, when I say, 'Well, I'm going to put tariffs on them,' they all start screaming, 'He's using tariffs,' "Trump said. "I said [to the European Union], 'You have to change.' They didn't want to change. I said, 'Okay. Good. We're going to tariff your cars.' . . . They said, 'When can we show up? When can we be there?' [Laughter.] 'Would tomorrow be okay?' Oh, folks, stick with us. Stick with us."

Now Trump's hard-line trade strategy is being vindicated. Not only is the E.U. negotiating zero tariffs, but also it agreed to immediately buy more American soybeans — which helps Trump in his trade battle with China. After Trump imposed tariffs on \$34 billion worth of Chinese goods, China responded with retaliatory tariffs on U.S. products, including soybeans. Beijing knows that China is the single largest importer of U.S. soybeans, and that about 96 percent of U.S. soybeans are grown in 18 states — all but two of which voted for Trump in 2016. Their tariffs left soybean farmers none too happy with Trump and gave a political boost to vulnerable Senate Democrats in soy-producing farm states such as Heidi Heitkamp (N.D.), Joe Donnelly (Ind.) and Claire McCaskill (Mo.).

Now, Trump has enlisted the European Union to help U.S. soybean farmers to counteract the repercussions of Chinese tariffs, in addition to the \$12 billion in aid he has promised for U.S. farmers. That's three-dimensional trade chess.

Earlier this week, Trump tweeted, "Tariffs are the greatest! Either a country which has treated the United States unfairly on Trade negotiates a fair deal, or it gets hit with Tariffs. It's as simple as that." Well, maybe it is and maybe it isn't. Trump is a long way from a final deal. And in trade, nothing is agreed to until everything is agreed to. But this is a surprisingly positive first step. If Trump succeeds in using trade wars to bring down European and Chinese trade barriers, he may end up being one of the greatest free-trade presidents in history.

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### Trump Has No Idea What His Tariffs Have Unleashed For Farmers (Leonard, NYT)

Thursday, July 26, 2018 New York Times By Robert Leonard

Mr. Leonard is the news director for the radio stations KNIA and KRLS.

KNOXVILLE, Iowa — Today President Trump is visiting Dubuque, Iowa, where every year at harvest time, millions of tons of grain come via rail and truck to be loaded onto barges on the Mississippi River and shipped to Mexico, China and much of the rest of the world. Harvest puts coin into the hands of farmers, and they and their communities — indeed all of America — profit. Not this year.

The president is here to trumpet a \$12 billion plan to aid American farmers. Why do they need aid? For lowans, it's because 33 percent of our economy is tied, directly or indirectly, to agriculture, and Mr. Trump recklessly opened trade wars that will hit "Trump country" — rural America — hardest and that have already brought an avalanche of losses. Indeed, the impact of his tariffs will probably be felt by family farms and the area for generations.

So perhaps visiting Dubuque is the least he could do.

The cost of being shut out of overseas markets for soybeans, beef, pork, chicken and more will be in the billions. Once those markets are gone, they will be difficult to recover. Commodity prices continue to drop, and good weather suggests an excellent crop is in the making, which will drive prices further down.

Brazil is ready to step in with increased soybean production, and China has already shifted its purchasing power there.

But the fallout will not just be tallied in statistics. In farm country, U.S.A., the Trump tariffs have poured gas on what has been a slow-burning conflagration.

Rural America is about to undergo a major demographic shift. President Trump didn't start it, but he has accelerated a crisis that might have taken a generation or two to play out. Now it might take only a few years.

Rural America is going to be hollowed out very quickly. Farms will become consolidated, and towns that are already in trouble will certainly die.

lowa's farmers are aging, and younger farmers aren't replacing them proportionately. Sixty percent of lowa farmland is owned by people 65 years or older, and 35 percent of farmland is owned by people 75 or older.

The Department of Agriculture conducts a Census of Agriculture every five years. The 2017 census isn't available

yet, but the 2012 census shows the average age of the American farmer was 58.3 years. This isn't because young people in rural America don't want to farm; it's because, if it isn't already the family business, the costs are much too high to allow many of them to get into it.

A friend, a small-town lowa banker who specializes in working with farmers, offered a local example. It's time for Mom and Dad to retire, get off the farm and move to town. Much of the time, if no heir is interested in continuing the operation, the farm is auctioned to the highest bidder.

This time, one son wanted to take over the farm. But there were other children entitled to their share, so the farm went up for auction.

But now they had to compete with larger farm operations. The son "did the best he could," said my friend, but a big operation "bid it up more than it was worth, some guy from out of town no one knew — probably from one of the big operations up north. The kid didn't have a chance. It was heartbreaking."

I use lowa in my examples, but much of rural America will be affected in a similar way. In the worst possible outcome of this scenario, losses and farm consolidation accelerated by Mr. Trump's tariffs will make the devastating 1980s farm crisis look like a bump in the road as it drives a significant rural-to-city migration.

Smaller operations don't have the capital to weather a trade war and will be forced to sell, most likely to larger operations.

In my community, I learned this week that a hog operation I drive by every day is folding. The confinements are being dismantled, and anything portable can be found on Craigslist. A friend close to the family told me pork prices have been down for years, and with the tariffs it's just not worth it anymore.

Another casualty: our community banks. As farms get larger, farm loans are less likely to be local. A big operation with farms in dozens of counties that maybe even cross state lines probably won't use local banks for credit.

When our community banks are gone, one of the major economic engines of our small towns will be gone.

At a certain point, populations won't be enough to support rural hospitals and clinics, and they, too, will be gone. Rural hospitals are one of the major employers in the community. Even if you have a good manufacturing company in town, if you lose the hospital, they won't be able to attract the employees they need.

Those plants may be forced to leave as well — especially since the tariffs have hit them hard also. One friend who has a small manufacturing business says his costs have doubled

since Mr. Trump announced tariffs on aluminum and steel, and that his business is down 40 percent.

Some of the farmers I speak with are unwavering in support of the president; they'd vote Republican even if Mr. Trump personally slapped the heck out of the preacher at the church potluck. But others are starting to recognize how the economic impact of the tariffs is hitting them personally. Iowa's congressional delegation, all Republican with the exception of Democrat Dave Loebsack in Iowa's Second Congressional District, have warned the administration. So has Iowa's Republican governor, Kim Reynolds.

This is why, earlier this summer, Vice President Mike Pence came to the Midwest for a reassuring visit and why Sonny Perdue, Mr. Trump's secretary of agriculture, offered his \$12 billion band-aid of a handout Tuesday.

And it's why President Trump is here now, crowing of those billions. What farmers really want are the markets restored.

Farmers take out lines of credit in the spring — usually due the following Jan. 1 — to pay for seed and other input costs, and then pay the loans back after harvest. Like any other loan, there are consequences to not paying, including losing the farm. Farmers are going to know before the midterm elections if they are going to be able to pay back loans.

The larger farm operations and the larger agribusinesses will be hovering, looking for any weakness, and ready to purchase smaller farms. And rest assured, when the Trump payments are made to farmers, the larger operations will be the ones that gobble them up.

Mr. Perdue, and likely President Trump, know the \$12 billion won't make a difference, even in the short term. Farmers and others in the industry know the offer is meaningless. But most rural Republicans aren't farmers, and many are Fox News devotees. So when they turn on Tucker Carlson or Sean Hannity, the hosts will likely extol the "virtues" of Mr. Trump's farm policies and tariffs rather than the reality of their failures.

The most poignant evidence of the depopulation of rural lowa over the last three-quarters of a century is the lily. Drive any highway or rock road in the state about this time of year and you will see that about every half-mile, the ditches are full of beautiful orange lilies.

Behind the lilies are hundred-acre fields of corn or beans, and if you park your car and wander the field behind the lilies, you will invariably find nails, broken crockery and remnants of life where a farmhouse once stood. The lilies are all that's left of the dreams of the optimistic family that planted the lilies and made a farm and a life on the land generations ago, only to see it lost.

The destruction of a way of life cuts as deep now as it did back then, especially when it comes from this president. The only thing he knows about food is that it always comes served to him on a silver, or maybe gold, platter.

Robert Leonard (@RobertLeonard) is the news director for the radio stations KNIA and KRLS.

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### Donald Trump Is Solving His Tariff Problems The Only Way He Knows How: Paying Them Off (Brandus, USAT)

Thursday, July 26, 2018 <u>USA Today</u> By Paul Brandus

Let's get right to the point. With his proposed \$12 billion bailout of America's farmers, Donald Trump is doing to them what he did to porn star "Stormy Daniels." The only difference: A lot more people are being paid off, and it is being done with our tax dollars.

But wait: There's more. Since even the White House now admits that the federal deficit is growing much faster than expected — it'll hit a cool \$1 trillion next year — we'll have to borrow even more from foreigners, and that's likely to include China. So to square the circle here: Trump hits China with tariffs. The Chinese hit back. Our farmers get hurt. Trump proposes to pay off the farmers with money ... borrowed from China.

Our annual deficits are piling up so fast, the national debt itself could hit \$33 trillion in fiscal year 2028 — which begins in just nine years. Now Trump wants to add more in the form of bailouts for a bad policy? This is hardly, as he likes to describe himself, the work of a "stable genius." America isn't saving as much as it's spending

Trump keeps saying America can't be the world's piggy bank. My question is this: How can a country that has to borrow \$1 trillion a year (about \$1.9 million every minute of every hour of every day) from foreigners be the piggy bank? These Republican Tea Party/deficit hawks who seized control of Congress nearly a decade ago have done a heckuva job in restoring the fiscal discipline they promised, haven't they?

But I digress. As Trump's tariff war intensifies, who else could be bailed out with Chinese money? How about the thousands of American employees of Whirlpool?

When Trump announced tariffs on imported washing machines back in January, CEO Marc Bitzer told analysts, "This is, without any doubt, a positive catalyst for Whirlpool."

Oops.

The reality of higher tariffs on steel and aluminum has caught up with the appliance manufacturer. In a conference call with investment analysts Tuesday, Bitzer said steel prices are now 60% higher in America than the rest of the world. You know what happens to those higher costs? They're passed on to you. Think of all the things made of steel and aluminum: cars, soda cans, razor blades, cans of tuna fish ... the list is endless. That's how it works, folks: Trump rolls out tariffs — and eventually, you're stuck with the bill.Americans, not Trump, will pay for tariffs

You'll likely pay for Trump's tariffs in another way as well, in the form of a pinched 401(k) or IRA account. For example, the stock price of Alcoa, the aluminum giant, has collapsed about a third since April. Why should you care? Because chances are pretty good that the investment company managing your money owns millions of shares. Two of Alcoa's biggest owners, for example, include assetmanagement giants Vanguard and the American Funds.

Again, that's just one company. Whirlpool's down about 20% since Friday alone, and since peaking in January, both the S&P 500 and Dow Jones industrial average have declined, with the Dow off more than 5%.

If you're a Trump supporter, here's an honest question: Does 1) paying more for stuff while 2) taking an investment hit sound like winning?

In a Kansas City speech Tuesday, Trump pointed to the TV cameras and told his audience at a convention of the Veterans of Foreign Wars: "Don't believe the crap you see from these people." His supporters can call it "fake news" if they wish, but here on planet Earth, the reality is increasingly evident.

Just to show you how badly the president and his advisers have miscalculated here, Trump's hard-line trade chief Peter Navarro said, "I don't believe any country is going to retaliate for the simple reason that we are the most lucrative and biggest market in the world."

And Trump himself promised you that "trade wars are good, and easy to win."

How's all that working out?

Paul Brandus, founder and White House bureau chief of West Wing Reports, is the author of "Under This Roof: The White House and the Presidency" and a member of USA TODAY's Board of Contributors.

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President Trump Should Stop His Trade War Before It Hurts Our Economy (Norquist, Sepp, Brandon, Chapman, McIntosh, Phillips, USAT)

#### Thursday, July 26, 2018 USA Today

### By Grover Norquist, Pete Sepp, Adam Brandon, Tim Chapman, David McIntosh And Tim Phillips

Last year's Tax Cuts and Jobs Act was a huge victory for the U.S., and we applaud the Trump administration for this historic achievement. It has already begun to spur economic growth and help our entrepreneurs create new jobs. Likewise, efforts to pare back unnecessary, burdensome regulations have been a boon to American innovation and growth. Our organizations are proud to have worked alongside President Trump and his administration on these important pro-growth economic reforms, and we look forward to continuing this partnership going forward.

It is out of this mutual dedication to improving the future of America's economy that we are now deeply concerned about the administration's approach to trade and international commerce. We support negotiations to reduce foreign barriers, while at the same time keeping in mind that U.S. government-imposed restrictions act as a tax on American consumers, raise costs for our manufacturers and drive our jobs to other countries. As principled advocates for free markets, our organizations oppose tariffs, quotas and other impediments to the free flow of goods and services. Trade war hurts American businesses

We strongly support efforts to open up international markets to U.S. products, encourage other nations to reform their state-owned enterprises and urge our partners to reduce tariffs as much as possible. Nonetheless, the threat of tariffs or use of similar tactics should never carry with them the long-term intentional goal of reduced trade with our allies. Similarly, we oppose the use of trade policy to protect specific industries or companies at the expense of the larger economy. After all, it is American citizens and businesses who would ultimately pay the high costs caused by limitations on trade.

Like the president, we believe that increasing economic growth in America is of paramount importance. The best way to continue our current economic expansion is through free market policies like low, competitive taxes, light-touch regulation and international commerce free of government-imposed restrictions. Our strong trading partnerships across the globe make not only the American economy healthier, but improve the economic condition of our allies and promote peace. Free trade is mutually beneficial

Likewise, we share in and applaud President Trump's commitment to the American worker. They too are best served by a growing economy and the mutual gains that come from free trade. Our hard-working farmers are highly dependent on having access to international markets. And

our manufacturing sector depends on the import of raw materials and intermediate goods. Businesses, workers and consumers all benefit from trade.

When it comes to reevaluating and renegotiating our trade pacts, we urge the president to expand international commerce and establish permanent deals that will allow businesses to make long-lasting investments in the American economy. The goal should be to tear down trade barriers, not erect new ones. The expansion of free trade yields mutual gains that benefit Americans and our trading partners.

We look forward to working with the Trump administration to expand free trade and continue our nation's long-standing commitment to this essential component of free-market economics. The growth and prosperity that will ensue would be yet another great achievement worthy of applause.

Grover Norquist is president of Americans for Tax Reform. Follow him on Twitter: @GroverNorquist. Pete Sepp is president of National Taxpayers Union. Adam Brandon is president of FreedomWorks. Follow him on Twitter: @adam\_brandon. Tim Chapman is the executive director of Heritage Action for America. Follow him on Twitter: @TimChapman. David McIntosh is the president of Club for Growth. Follow him on Twitter: @DavidMMcintosh. Tim Phillips is president of Americans for Prosperity. Follow him on Twitter: @TimPhillipsAFP.

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### Trump Bails Out Some, But Not All, The Victims Of His Trade War (LAT)

Thursday, July 26, 2018 Los Angeles Times

U.S. automakers breathed a bit easier Wednesday after President Trump and European Commission President Jean-Claude Juncker announced an agreement to shelve threatened U.S. tariffs on imported autos and retaliatory European tariffs on U.S. goods while the two sides negotiate lower trade barriers. And if the episode eventually produces a true free-trade agreement between Europe and the United States, it will be a win for businesses, workers and consumers on both sides of the Atlantic.

But it wouldn't validate the methods this president has been using to try to change our trading partners' practices. It's not just the bullying of U.S. allies and the blatant violations of existing trade deals that are troubling. It's his unilateral moves to launch, intensify and sustain these trade fights, picking winners and losers in the United States along the way, which betray a dangerously expansive and abusive view of executive power.

Consider the steps the administration has taken, free of congressional review or intervention, to try to reduce China's enormous trade surplus with the United States.

First, it imposed 25% tariffs on \$34 billion worth of Chinese industrial goods on July 6 as punishment for that country's "unreasonable or discriminatory" policies on technology and intellectual property. It has also teed up tariffs on an additional \$16 billion in Chinese goods to dampen China's ambition to dominate important new technologies. But those are just the appetizers: Trump has threatened to impose tariffs on every Chinese item that Americans import.

China responded by slapping tariffs on an equal amount of U.S. goods, particularly farm products. Canada, Mexico, the European Union and other trading partners hit with Trump tariffs have done the same, targeting with especial vehemence U.S. producers in states that supported Trump, such as Midwestern farmers and manufacturers.

With blowback rising in this country, the administration sought to ease the pain of the retaliatory tariffs by dipping into taxpayers' pockets, again with no review or approval by Congress. On Tuesday the U.S. Department of Agriculture announced it was borrowing \$12 billion from the Treasury to support some (but not all) of the farmers whose exports have stalled and prices have dropped in the face of Chinese tariffs. And just farmers — not, say, Mid-Continent Nail, the U.S. fastener manufacturer whose business has been racked by Trump's tariffs on imported steel. Even lawmakers who share Trump's "America First" view of trade should be outraged at the president using tax dollars to pick winners and losers.

As for Europe, it's worth remembering that the U.S. and the EU were negotiating a free-trade pact before Trump arrived and declared his distaste for multilateral deals. On Wednesday the negotiations seemed to be back on track with the same goals, albeit with far more drama. But trade relations with China and the rest of the world are still in turmoil. At some point soon, Congress needs to wake up and reclaim the authority it gave the White House over tariffs.

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## **Europeans Are Free Traders Now? That's Rich** (Baltzan, LAT)

Thursday, July 26, 2018 Los Angeles Times By Beth Baltzan

After President Trump met with European Commission President Jean-Claude Juncker on Wednesday, tensions between the two economic powerhouses abated, as the United States and the European Union announced an agreement to move forward on trade negotiations.

But all is not as it seems. The "deal," such as it is, is vintage EU: the agricultural sector is excluded, except for soybeans. This won't be good news for American farmers, who struggle to gain a foothold in a highly protected European market. The Obama administration refused to accept an agriculture carveout when negotiating a trade agreement with the Europeans.

Our friends across the pond have deftly taken advantage of President Trump's rejection of the global status quo to cast themselves as defenders of free trade. But actions speak louder than words. As recently as the G-7 summit in June, the United States floated the idea that the members of the G-7 simply eliminate all their tariffs. The self-proclaimed free trader nations, including those from the EU, were caught with their tail between their legs.

We need real reform at the WTO, not surgical agreements here and there.

German Chancellor Angela Merkel, for example, faltered, saying that eliminating tariffs would require intense negotiations and "take a long time." In truth, every WTO member could simply take its tariff commitments and change all the positive numbers to zero.

That certainly puts Wednesday's announcement in context.

As current and former U.S. trade negotiators, including me, know all too well, the EU and others are no more free traders than is Trump. The Europeans like to protect their markets — like agriculture — they just don't like it when U.S. leaders protect ours. To be clear, in the aftermath of World War II, the United States created this asymmetrical system: We slashed our tariffs more than our trading partners did. The Europeans could charge up to 6% on primary aluminum imports, whereas the United States, for the most part, capped itself at zero.

In that regard, Europe's outrage at the president's imposition of a 10% tariff on aluminum is a bit rich. The WTO expressly authorizes members to protect their essential security interests. Steel and aluminum fall in that realm; it was an open secret on Capitol Hill that the Obama administration shared that view and considered invoking the same provision.

In response to Trump's action, the EU manipulated the rules to reject the U.S. national security claim and imposed counter-tariffs, bypassing WTO dispute settlement.

How is dodging the very rules of a structured system a defense of that system? It is not.

Amidst all this cynicism, all is not lost. A true champion of the system may finally have emerged: Norway. The Norwegians have chosen to do what champions of the system are supposed to do — forgo the instant gratification of retaliation

and instead work through the dispute settlement system, however plodding it may be.

Some Europeans recognize the systemic imbalance. The political editor of the German newspaper Die Zeit acknowledged in a recent New York Times op-ed that "[the] Europeans have basically been free riders ... spending almost nothing on defense, and instead building vast social welfare systems at home and robust, well-protected export industries abroad. Rather than lash back at Mr. Trump, they would do better to ask how we got to this place, and how to get out."

The point about vast social welfare systems is one that Democrats must bear in mind. It is Democrats, not Republicans, who have a proud tradition of fighting for a social safety net for dispossessed workers so that job losses, due to trade or otherwise, don't have to destroy lives.

Democrats will not reclaim the Midwest, which decided the 2016 election by less than 100,000 votes, by rejecting Trump's willingness to disturb the global trading system, by welcoming half-measures such as the one the Europeans pitched Wednesday, or by buying into the notion that the Trans-Pacific Partnership is a magic bullet. Remember that Trump borrowed critiques of TPP from Midwest Democrats, such as Sherrod Brown and Sandy Levin, not Republicans such as Mike Pence and Paul Ryan, who embraced the deal.

Democrats have long known that trade theory and trade reality are two different things, and that our trading system needs reform. Even the WTO director-general commented that the systemic "shake-up" is positive in many ways and encouraged member nations to use this as an opportunity to improve the multilateral trading system.

But we can't be fooled by the kinds of deals we saw Wednesday. We need real reform at the WTO, not surgical agreements here and there. Trump's presidency is at least in part the product of exasperated workers who've been left behind by globalization. If that fundamental unfairness isn't addressed, he won't be the last president elected on a platform of blowing up the system.

Beth Baltzan is a recent U.S. WTO litigator in the Executive Office of the President of the United States. From 2012 to 2016, she served as Democratic House Ways and Means trade counsel.

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### China Takes Its Political Censorship Global (Rogin, WP)

Thursday, July 26, 2018 <u>Washington Post</u> By Josh Rogin The United States lost an important early skirmish this week over whether American companies must comply with the Chinese government's political demands. But the greater conflict is just beginning, which means the Trump administration must now prepare to help U.S. corporations fight Chinese coercion in future rounds.

After months of behind-the-scenes discussion, the three major U.S. air carriers — United, American and Delta — all partially caved to Beijing's order that they change their websites to portray Taiwan as part of the People's Republic of China. After the government of Xi Jinping threatened severe punishment, the White House called the demands "Orwellian nonsense." Yet many international airlines folded quickly. The U.S. airlines eventually devised a compromise: They removed the word "Taiwan" from their websites but didn't agree to describe Taiwan as part of China.

The dispute was a test case for Beijing's effort to export political repression and the international community's ability to resist. The partial U.S. capitulation constitutes a win for Beijing. But it ought to prove a pyrrhic victory.

Why does it matter? The Chinese Communist Party has been steadily increasing pressure on foreign companies to do its political bidding inside China and around the world. China punished Marriott after an employee liked a tweet from a pro-Tibet group; Marriott apologized profusely and fired the employee. Mercedes-Benz also acquiesced after Beijing complained about an Instagram post that quoted the Dalai Lama.

The Xi regime claims that any public speech criticizing Communist Party propaganda is a grave offense to 1.3 billion Chinese people. Never mind that Twitter and Instagram are blocked in China: Beijing is trying to enforce its political censorship outside its borders and online. That can't be tolerated. The whole world cannot become a "safe space" for Chinese sensitivities.

By accommodating China's political demands, even partially, airlines are abetting a false depiction of U.S. policy on Taiwan and playing into China's game, said Samantha Hoffman, visiting fellow at the Mercator Institute for China Studies.

"The Chinese Communist Party intends to shape how people and entities are willing to talk about China and Taiwan," she said. "The more unclear Taiwan's status becomes, the more the party's goal is incrementally achieved."

The Chinese government is also trying to expand its domestic "social credit system" to apply to foreign firms. It's Beijing's way of shaping international norms according to its criteria, Hoffman explained in a report for the Australian Strategic Policy Institute.

"As businesses continue to comply, the acceptance of the CCP's claims will eventually become an automatic decision and hence a norm that interferes with the sovereignty of other nations," she wrote.

Quietly, U.S. airlines, their trade association and the administration heavily debated their response to the Taiwan edict. The administration attempted to raise the issue with the Xi government, but it refused to discuss it, two administration officials said. "They basically put their fingers in their ears," one said.

Several airline representatives privately told me the administration never offered any tangible protection, so they were obligated to defend shareholders' interests. Administration officials said the U.S. government wasn't prepared to escalate against Beijing, so they tacitly endorsed the compromise.

But the half-concession seems to have only emboldened Beijing. China's civil aviation authority called the U.S. airlines' actions incomplete and demanded total capitulation. Chinese officials are threatening to damage the airlines' business in China, in violation of international trade laws.

Publicly, the airlines said they were simply complying with the laws of countries in which they operate. That explanation would make sense if they changed their websites inside China only. United, which operates in Taiwan, is certainly violating Taiwan's laws. "Taiwan is Taiwan. It does not fall under the jurisdiction of China's government," the Taiwanese foreign ministry said in a statement.

The reality is American corporations can't be expected to be guided by purely moral considerations. And the U.S. government can't tell American companies what to do. That's an asymmetric advantage for Beijing.

So how can Western governments defend their private sectors from Chinese political pressure? That's the discussion Beijing has forced upon us. Governments should develop countermeasures that impose serious costs for coercive acts. Reciprocity for Chinese companies that want to operate abroad can be one tool.

There were some positive takeaways from this incident. The U.S. airlines and U.S. government eventually worked together. That's a model that other industries facing Chinese pressure can replicate. Beijing wants to divide and conquer. By uniting, setting clear principles and coordinating responses, foreign firms have greater power to fight back.

The Trump administration has properly called out China for its "Orwellian nonsense." Now we all must figure out how to prevent the world from succumbing to Beijing's Orwellian design.

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### When Trump Talks, The World Listens. Should It? (NYT)

Secretary of State Pompeo leaves unclear whether the president's foreign policy pronouncements are actual policy.

Thursday, July 26, 2018

**New York Times** 

The world expects the president to be America's foreign policy authority, and that what he says goes. Right?

Not so fast.

In a pattern that's familiar with this White House, what appear to be articulations of foreign policy by President Trump may not always be what they seem. That's the obvious conclusion to be drawn from Secretary of State Mike Pompeo's testimony on Wednesday before the Senate Foreign Relations Committee.

Mr. Trump has repeatedly expressed doubt about Moscow's election meddling, has failed to order any defense against future election hacking, has suggested Crimea should be a part of Russia, has impugned NATO and has ingratiated himself with President Vladimir Putin of Russia.

Mr. Pompeo, however, combatively insisted to the senators that Mr. Trump is "well aware" of the challenges that Russia poses, including its interference in American elections. He said strenuously that the United States is opposed to Russia's illegal annexation of Crimea, and that it considers NATO an "indispensable pillar of American national security."

A top Russian official said that at their meeting in Helsinki, Finland, Mr. Trump and Mr. Putin discussed a possible referendum to determine eastern Ukraine's future. A spokesman for the National Security Council later rejected such a referendum as having "no legitimacy."

Even actions that seem to be clear and direct may not be. This administration in recent months agreed to stiffer sanctions against Russia, even if it was only after Congress forced it to do so. It also expelled 60 Russian diplomats and closed the Russian consulate in Seattle. Mr. Trump denounced alleged Russian attacks on British soil but has delayed imposing sanctions, drawing fire from the Republican chairman of the House Foreign Affairs Committee. The Defense Department also announced last week that it was providing Ukraine with \$200 million for security cooperation. But at the Senate hearing, Mr. Pompeo deflected a question on whether Ukraine-related sanctions on Russia would remain in place.

It's somewhat encouraging that Mr. Pompeo, Defense Secretary Jim Mattis, other senior officials and some members of Congress are working to reassure allies and set the country back on a more stable foreign policy path. On Wednesday, Mr. Trump himself retreated a bit from the trade war that he initiated with the European Union when he agreed with Jean-Claude Juncker, president of the European Commission, to work toward lower tariffs and other trade barriers.

Yet no matter what Mr. Pompeo — or any other official — insists, Mr. Trump has a well-established record of undermining their pronouncements, and even his own, with a tweet. He could easily blow up the trade truce, for example.

The administration's dysfunction makes matters worse. According to Politico, Mr. Pompeo and Mr. Mattis have complained that John Bolton, the national security adviser, has oversimplified decision-making on foreign policy, cutting them out.

Deftly bobbing and weaving while answering questions, Mr. Pompeo insistedthat the senators shouldn't de-link Mr. Trump's statements and actions from administration policy statements and actions. "They're one and the same," he said.

But when Mr. Trump's words repeatedly repudiate what is supposed to be official policy, it sows confusion and undermines trust in officials like Mr. Pompeo who try to defend the president.

During the 2016 campaign, Mr. Trump made clear that, above all, he consults himself on foreign policy. As Rex Tillerson, his first secretary of state, remarked after Mr. Trump spoke sympathetically of neo-Nazis who marched in Charlottesville, Va.:"The president speaks for himself."

Mr. Pompeo finally conceded to the senators that "the president calls the ball" and that "his statements are, in fact, policy."

And that is why so many people cringe when Mr. Trump steps up to a microphone or reaches for his smartphone.

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## Pakistan's Likely Next Leader Is A Taliban Sympathizer (WP)

Thursday, July 26, 2018 Washington Post

PAKISTAN'S PROBABLE incoming prime minister campaigned as a maverick challenging an entrenched and corrupt political elite. But Imran Khan, who on Thursday claimed victory in his country's parliamentary elections, is not exactly an outsider. He is indeed an enemy of the major political parties that have dominated Pakistani civilian politics

for decades — but he is also the favorite of the Pakistani military, whose overweening power the mainstream parties have been trying to curb.

If Mr. Khan takes office, he will have the support of many Pakistanis who want to see reforms that distribute wealth more equally or that disempower the old political dynasties. But he will owe his position largely to the army and its powerful intelligence service, which helped him win so that they can more easily pursue their own interests — which include siphoning off the lion's share of the national budget, supporting the Taliban in neighboring Afghanistan and encouraging other extreme Islamist groups. That means Pakistan, which has been one of the most difficult countries for the United States to work with over the past two decades, is likely to become still more so.

Though no official results had been announced by late Thursday, those reported by local media were close to what the generals were seeking: a solid lead for Mr. Khan, but not enough of one to allow him to form a strong civilian government. The risk for the winners was a popular backlash. So overt and heavy-handed was the military's intervention in the election campaign, and so questionable the vote count, that some analysts predicted it could trigger sustained unrest. The former governing party of Nawaz Sharif, who was ousted from office by court order a year ago and imprisoned this month, said it would not accept the result.

During his time in office, Mr. Sharif challenged the military's control of foreign policy, including its insistence on permament hostility toward India and its sponsorship of terrorist organizations. His reward was to be singled out for prosecution on corruption charges. While he was probably guilty of amassing illicit wealth, the court judgments against him were orchestrated by the powerful Inter-Services Intelligence agency, according to one judge of the Islamabad High Court. According to numerous reports, the military also bribed or intimidated members of Mr. Sharif's party to switch their support to Mr. Khan and forced Pakistani media to tilt their coverage in favor of his campaign.

Mr. Khan, a former cricket star and playboy who now portrays himself as devoutly religious and a nationalist, seems to have few foreign policy views other than antipathy toward the United States and its war on terrorism; he has endorsed the Taliban cause in Afghanistan. That suits the generals, who, since the Trump administration's suspension of U.S. military aid, no longer much pretend to comply with U.S. demands to cease support for the group. Pakistan's de facto rulers now seem to believe that their backing from China, which is investing tens of billions of dollars in the country's infrastructure, gives them the freedom to pursue their baleful

purposes more openly. Mr. Khan's election is evidence of their renewed ascendance.

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### For Imran Khan, Winning Was The Easy Part (Dhume, WSJ)

A flawed election and a divided populace augur poorly for stability in Pakistan.

Thursday, July 26, 2018

Wall Street Journal

By Sadanand Dhume

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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## **Europe's Prisons Breed Terrorism. Can Anything Be Done? (WP)**

Thursday, July 26, 2018 Washington Post

Want smart analysis of the most important news in your inbox every weekday along with other global reads, interesting ideas and opinions to know? Sign up for the Today's WorldView newsletter.

When Benjamin Herman went to prison for assault and robbery in 2003, he was a Catholic teen from the town of Rochefort. By the time he was given a two-day home leave this May, he was an avowed Islamist. Within hours of his temporary release, he murdered two female police officers and used their stolen weapons to kill a passing motorist.

Herman's transformation is not an anomaly. Europe's prisons have become a hotbed of Islamic radicalization, particularly as 1,500 Islamic State fighters have returned from the Middle East and faced prosecution. "Never have so many people been arrested on charges related to terrorism, and never have we seen so many of these guys in prison together," Thomas Renard, a Belgian terrorism expert and researcher at the Egmont Royal Institute for International Relations in Brussels, told my colleagues. "In bringing them together, we are facilitating their ability to recruit. And that is something that will stay with us for a long time."

Two of my colleagues, Souad Mekhennet and Joby Warrick, spent months visiting prisons across Europe to understand how people become radicalized — and what countries on the continent are trying to do to stop this from happening. Their article includes looks inside prison cells in Belgium and Germany, two countries that have adopted sharply divergent strategies. Today's WorldView spoke with Warrick about his and Mekhennet's reporting.

Today's WorldView: You write that prisons have become the latest battleground in the evolving fight against Islamist-inspired terrorism. Why are jails particularly conducive to radicalization?

Joby Warrick: Throughout the history of the modern Islamist movement, prisons have served as incubators for terrorist groups. Radicalized individuals, when cut off from family and other moderating influences and subjected to what they see as unjust punishment, often become more angry and more radical. Inside prisons, they find themselves surrounded by troubled young men who are looking for an identity and a cause. For extremists, prison becomes an opportunity to deepen their own ideological commitment while also helping to train and recruit the next generation.

French police officers stand in a street after a hostage-taking at a church near Rouen, France. (Pascal Rossignol/Reuters)

Radicalization is nothing new, and rehabilitation efforts have been going on for years. What's new or important about either subject in 2018?

JW: It's partly a matter of scale. The current population of inmates in Europe includes hundreds who traveled to Syria to fight for the Islamic State or al-Qaeda, or to be part of the caliphate. Many who returned home were immediately imprisoned, and there's a high risk that some of those will seek to recruit others, or try to carry out attacks after their release. In addition, the strain of Islamist ideology embraced by some of these returnees is more extreme and more violent, compared with what we've seen in the past.

In your story, you focus on prisons in Belgium and Germany. What does the problem look like in other parts of Europe?

JW: We focused on Belgium and Germany because both countries saw large numbers of their citizens travel to Syria and Iraq. Belgium, for example, had the highest number of Islamic State emigres per capita in Europe. But numerous other countries are grappling with the same problem and experimenting with different solutions. France, for example, has developed an intelligence service that works inside its prisons to try to penetrate and disrupt terrorist cells. Other countries are seeking to block would-be returnees from coming home at all. Each country is acutely aware of the potential political fallout if a former Islamic State member leaves prison and then commits a terrorist act.

How have European officials tried to fight radicalization?

JW: What we discovered is that countries don't have ready solutions, so they are inventing new approaches and methods for dealing with the problem in real time. Often, the solutions differ dramatically from one country or region to another.

For example, Belgium has developed a program known as DeRadex, which isolates the most radicalized inmates from the rest of the prison population and allows them only limited contact with one another. Belgium's approach doesn't seek "deradicalization" per se — they argue that prisons aren't really equipped to change an individual's ideology and can only hope to discourage violence.

Germany, by contrast, rejects the idea of isolating inmates who embrace radical ideologies, opting instead for a program of intense monitoring and intervention to prevent radicalization from occurring. Officials in both countries say they don't yet have enough data to know which approaches truly work.

People take part in a rally in Turin's Palazzo di Citta in memory of the victims of bombings in Brussels in 2016. (Marco Bertorello/AFP/Getty Images)

Over the course of your reporting, you found that European officials had become much more aggressive about imprisoning people with links to terrorism. In the near future though, almost all of those men and women will be getting out of prison. If deradicalization tactics don't work, what are the biggest risks as those people are freed?

JW: That's what keeps European counterterrorism officials awake at night. Across Europe, there are about 1,500 returnees — women and children as well as men. Some are already back in their neighborhoods, and those who are in prison are serving sentences averaging between three and five years in cases where there is no hard evidence of violent behavior. Experts say there's a high likelihood that at least a few of those inmates will remain just as committed to the Islamic State and its ideals at the time of their release.

What stance have European politicians taken?

JW: European countries were profoundly shaken by the terrorist attacks of 2015 and 2016, and also by the refugee crisis. The political imperative to stop terrorism at all costs was behind many of the tough new laws passed by European parliaments over the last three years. They essentially ensure that anyone who joined the jihad in Iraq or Syria will be charged with a crime and placed in jail. Those laws are highly popular but do little to address the long-term challenge of radicalization that many of these countries face. The solution will involve years of investment in areas such as economic development and education — and so far no political consensus has emerged for those kinds of reforms.

CORRECTION: An earlier version of this story incorrectly identified Benjamin Herman's hometown.

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### This Is Not Your Grandfather's KGB (Ignatius, WP)

Thursday, July 26, 2018 <u>Washington Post</u> By David Ignatius

Looking at Russia's competing spy services, their overlapping operations against the United States and their sometimes careless tradecraft, some CIA veterans are wondering if the Russian spooks actually want to get caught.

The truth is, President Vladimir Putin probably doesn't mind that his intelligence activities are so blatant that they're a subject of daily public debate. His goal isn't to steal secrets but to destabilize America's political system. The more people obsess about the swarms of Russian spies, the better, from Putin's perspective.

"Russian intelligence activities over the past several years have become not only more energetic, but more eclectic," explained former CIA director John Brennan in an email. "It's a diverse, entrepreneurial and frequently competitive ecosystem. . . . Some of their work is really, really good, showing exquisite tradecraft. Other stuff, not so much."

Rolf Mowatt-Larssen, a former CIA Russia specialist, sees a generational change in Russian intelligence. "The price of the shift to a faster, quick-kill approach is an increase in sloppiness. Ill-advised decisions are common. There's less oversight by older, more experienced cadre."

The new freewheeling, anything-goes style is evident in Russia's 2016 assault on the U.S. political system. The Kremlin attacked from three directions: GRU military intelligence, the FSB security service and a social-media troll farm known as the Internet Research Agency, managed by one of Putin's oligarch pals.

The Russians floated their covert-action propaganda through Facebook, Twitter, WikiLeaks and other social media outlets. Who knows whether there was "collusion," but Russian officials maintained contact in 2016 with a string of Donald Trump associates, high and low, in ways the FBI couldn't miss. It was the opposite of a subtle campaign of manipulation. "Operation Chaos" might be a good name.

Moscow monitored public speeches, not dead drops. According to the Justice Department's July 13 indictment of 12 GRU operatives, the Russian conspirators began hacking Hillary Clinton's personal emails "after hours" on July 27, 2016. Earlier that day, Trump had proclaimed: "Russia, if you're listening, I hope you're able to find the 30,000 emails that are missing."

Putin was shaped by the KGB's rigid bureaucracy and tight secrecy. But as Russia's president, he has embraced a

different operating model — looser, more fragmented, with different services competing for the leader's favor. The old KGB was broken into two pieces starting in 1991 — the SVR, which inherited the foreign spying mission that Putin had served, and the FSB, which took over domestic security.

The FSB has become increasingly involved in foreign operations and may now overshadow its twin, said Michael Sulick, a Russia expert and former CIA operations chief, in an interview. The FSB probably ran the "Cozy Bear" hack of the Democratic National Committee in 2015, and was indicted last year by the Justice Department for hacking 500 million Yahoo emails.

"To put it crudely, the FSB does the kinds of things everyone else thinks about doing but doesn't because they're too risky, too politically inflammatory, or too likely to backfire," wrote Mark Galeotti, an expert on Russian intelligence, last year in the Atlantic.

The GRU, traditionally the most adventurous wing of Russian intelligence, now appears to be resurgent after costly mistakes in the 2008 Georgia war. Ukraine has been "the perfect showcase" for the GRU's covert insurgency tactics, wrote Galeotti this month. He sees the GRU's hand in the 2014 annexation of Crimea and shoot-down of a Malaysia Airlines jetliner; the 2016 intervention in U.S. politics; and the attempted assassination this March in Britain of Russian defector Sergei Skripal.

The Skripal poisoning illustrates Russia's willingness to take risks and its lack of concern about getting caught. The Novichok nerve agent allegedly used could easily be traced to Russia.

An intriguing example of Russia's new generation of spycraft is the case of Maria Butina, who was indicted by the Justice Department this month on charges that she plotted a covert influence campaign that partly targeted the National Rifle Association. The indictment alleges that she was run secretly by a Russian official who had served in parliament and the Central Bank, and was bankrolled by a second Russian who was a billionaire oligarch.

When Butina was photographed near the U.S. Capitol on Inauguration Day, her alleged Russian handler messaged approvingly, "You're a daredevil girl," according to court papers. Three months later, when Butina's American contacts were outed in the media, her alleged handler wrote: "How are you faring there in the rays of the new fame? Are your admirers asking for your autographs yet?"

This is not your grandfather's KGB. Putin is running a multiplatform spy service for the Internet era — as quick, disposable and potentially devastating as a Snapchat image.

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### Mexico And The Nicaraguan Quagmire (Castañeda, NYT)

Friday, July 27, 2018

New York Times

By Jorge G. Castañeda

Mr. Castañeda was foreign minister of Mexico from 2000 to 2003.

MEXICO CITY — More than 350 people, the majority of them students and protesters, have died since April in Nicaragua, where a broad social movement seeking the resignation of President Daniel Ortega was ignited by an aborted pension reform.

In a country of a little over six million inhabitants, the number of dead, jailed and missing is striking. Almost 40 years after Mr. Ortega and the Sandinista Front overthrew the corrupt and bloody Somoza dynasty that ruled Nicaragua for nearly half a century, students and activists are calling for the departure of what they consider an unforgivable historical repetition. "Ortega y Somoza, son la misma cosa" (Ortega and Somoza are the same thing) is their rallying cry.

Peasants, activists, the National Autonomous University, former and current opposition leaders have all come under attack; female protesters and even children have all become victims of Daniel Ortega's goon squads. The regime is rapidly becoming a dictatorship, something that the Latin American and international communities should do whatever they can to stop. No one wants another Venezuela in the region.

While the regional and international community was initially slow to react to the repression in Nicaragua, they have recently begun to take a more active role. The United Nations secretary general, António Guterres, issued a statement condemning the violence last week; the Organization of American States approved a resolution condemning the repression and calling for "timely, free and fair" presidential elections. An ad hoc group of nations from Latin America, including Argentina, Brazil and Mexico, had denounced the carnage in Managua and in the iconic city of Masaya, which harbored the most heroic resistance against Somoza back in the '70s.

A group of countries is working behind the scenes with the church and the business community — as well as with Washington — to broker a deal that calls for three key elements. First, an end to repression and the use of paramilitary or goon squads to beat up or murder students. Second, the resignation of Rosario Murillo, Mr. Ortega's wife, vice president and power behind the throne, and her promise not to run for president in the next elections. Third, internationally observed elections early next year, with the president bowing out beforehand. This mediation effort and

the ensuing agreement may or not succeed, but at least an effort is underway to end the bloodshed.

Unlike the situation in Venezuela, which in addition to repression and other human rights violations has been experiencing a humanitarian, economic and migratory crisis for several years, the Nicaraguan conundrum might well be solved through regional and international cooperation. Venezuela has oil, Russian and Chinese support; Nicaragua has none of the above. But two significant obstacles stand in the way.

The first is the ongoing support by much of the Latin American left for the Ortega regime. Just last week, more than 430 participants at a Havana meeting of the São Paulo Forum — an annual meeting of leftist political parties and other organizations from Latin America and the Caribbean founded in 1990 — expressed solidarity with Mr. Ortega and condemned the "terrorist, coupist right groups" attempting to overthrow him, with, of course, the support of United States imperialism. In addition to Cuba, the presidents of Venezuela, Bolivia and El Salvador attended the conference, along with Brazil's former president and representatives of potent left-of-center, pro-Ortega organizations from Colombia and Ecuador.

The Latin American left is no longer what it was barely half a decade ago, but it continues to be powerful, well-organized and well-connected. While little survives of the old Sandinista mystique in the Ortega clique today, it can still count on traditional international and regional support. This support was decisive in bringing him to power in 1979; it can be equally crucial in maintaining him there today.

The second obstacle is Mexico. The country played a critical role in 1979, leading the regional opposition to Somoza and the Carter administration's attempt to retain "somocismo sin Somoza." It subsequently supported the Sandinista regime, as well as a negotiated peace in Central America.

In 2000, Mexico abandoned its traditional anti-interventionist foreign policy and strongly emphasized the collective defense of human rights and democracy in the region. There was a short-lived and halfhearted attempt to return to obsolete stances between 2007 and 2015. Under the foreign minister, Luis Videgaray, the country has attributed far greater importance to universal values than to traditional introversion and isolationism.

Until July 1 of this year. On that date, Andrés Manuel López Obrador was elected president in a landslide victory that overturned Mexico's politics, but also, probably, its foreign policy. A broad coalition of left-of-center moderates, conservative evangelicals, hard-left radicals and traditional Mexican nationalists was swept to victory with 53 percent of

the vote, 32 points above of the runner-up, Ricardo Anaya. One of their boilerplate stances was a new foreign policy for Mexico.

Among the points Mr. López Obrador has stressed is an uncompromising return to Mexico's traditional views on not getting involved in other nation's politics and not expressing opinions on the human rights situation in other countries. His foreign minister-to-be, Marcelo Ebrard, stated that simply discussing the Nicaraguan or Venezuelan cases at the O.A.S. was tantamount to interfering in these nations' internal affairs. The new government, which takes office on Dec. 1, would accordingly refrain from such initiatives. Mr. López Obrador sent the chairwoman of his party, Morena, to the Havana conference of the São Paulo Forum, whose final declaration she signed. Another of his envoys there made a strong speech of support for Latin American governments of the left, including Nicaragua's.

In other words, Mexico, the second-largest nation in the region, will no longer be part of the broad Latin American coalition seeking, unsuccessfully until now, a solution to the Venezuelan nightmare and to the Nicaraguan quagmire.

At best, from the perspective of human rights and collective defense of democracy, it will look homeward and inward and simply distance itself from any regional challenge. At worst, it will side with regimes such as the Nicaraguan and Venezuelan ones, evoking the principle of nonintervention but in fact sympathizing with them politically and ideologically.

If the current effort to find a solution in Nicaragua is to succeed, it must come to fruition before December, as long as the Peña Nieto administration is in office and active on this front. While Mr. López Obrador should condemn the bloodshed in Nicaragua and support President Enrique Peña Nieto's and the O.A.S.'s efforts to mediate a solution, and defend human rights in the region, he is unlikely to do so. After Dec. 1, don't count on Mexico.

Jorge G. Castañeda, Mexico's foreign minister from 2000 to 2003, is a professor at New York University and a contributing opinion writer.

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### Why Trump Is Right About The E.U.'s Penalty Against Google (Stewart, NYT)

Friday, July 27, 2018
New York Times

By James B. Stewart

It didn't take long last week for President Trump to blast America's latest economic foe, the European Union, for imposing a \$5.1 billion antitrust fine on Google's parent company.

"I told you so!" Mr. Trump wrote on Twitter. Calling Google one of "our great companies," he asserted that the European Union "has truly taken advantage of the U.S., but not for long!"

Let's put aside the fact that Google controls more than 90 percent of the internet search market in most of the union's member states, according to the European Commission (compared with just 63.5 percent of the market in the United States). That makes it hard to argue that the Europeans have somehow "taken advantage" of Google.

But on the merits of the antitrust case, Mr. Trump has a point.

It's hard to find any antitrust expert, European or American, who has endorsed the logic or outcome of the ruling by the European Commission.

The commission, which is the union's executive arm and oversees its competition policy and antitrust law, found that Google had run afoul of those regulations in several respects.

But the heart of the decision involved Google's insistence that mobile phone manufacturers that use its Android operating system and want to preinstall the Google Play app store must also install a suite of Google apps, including the company's search engine, its Chrome browser and its mapping, calendar and photo programs.

The commission called this a classic "tying" arrangement, in which a company extends the market dominance it enjoys in one area (in this instance, the app store) to others, specifically the browser and search engine. (For some reason, the commission's logic did not extend to any other Google apps.)

"Google has used Android as a vehicle to cement the dominance of its search engine," Margrethe Vestager, Europe's antitrust chief, said in announcing the ruling.

The focus on tying arrangements is reminiscent of two famous Microsoft cases: one in the United States, in which the government accused the company of illegally tying its Internet Explorer browser to its dominant Windows operating system, the other in Europe, where Microsoft was found to have abused its Windows dominance by embedding its media player.

The outcomes in both cases are now widely viewed as irrelevant, since by the time they were decided, Explorer and Windows Media Player had been overwhelmed by technological change and competition — from Google, among others. Microsoft's share of the browser and mediaplayer markets is insignificant today.

But even if the European Union's Microsoft precedent is viewed as sound, Google's competitive situation is different. "There's only a superficial resemblance to Microsoft," said

Pinar Akman, director of the Center for Business Law and Practice at the University of Leeds in England, who has received support from Google for some of her research.

Unlike adding a rival media player to the Windows operating system, which at the time was a slow and cumbersome process, adding rival apps to an Android-based phone can be done "in seconds," said Ms. Akman, an antitrust expert. "The commission put a lot of emphasis on the value of preinstallation. But just because an app is preinstalled doesn't mean consumers are going to use it. It's very easy to download a rival app."

Google's photo app, for example, has struggled to compete against Instagram and Snap, even though it comes preinstalled on Android-based phones as part of the Google suite.

Christopher L. Sagers, an antitrust professor at Cleveland-Marshall College of Law, agreed that if installing a rival app is as easy as Google claims, "it would make for a pretty solid argument that whatever dominance Google has retained in mobile search has nothing to do with anticompetitive conduct, and rather just reflects its superiority as a product."

Curiously, the commission's statement announcing the ruling did not address that issue. (A full written decision is not expected for months.) So I opened the Google Play store on my Android phone and searched for Bing, Microsoft's search engine. I was able to download it in seconds. Google suggested I "might also like" an array of other search options, including Firefox and DuckDuckGo, which were displayed on the same page and equally accessible with a touch of my finger.

Even though Google requires phone makers to use the full suite of Google apps if they want to install the Play store, there is nothing to prevent those companies from also preinstalling rival apps. "Why doesn't Microsoft just pay manufacturers to preinstall Bing?" Ms. Akman asked.

Apple, for one, makes Google the default search engine on the iPhone's Safari browser, even though Apple does not use either the Android operating system or the Play store. Oddly, the commission excluded Apple as a Google competitor, saying that because the company produced premium-price products, it did not constrain Google's ability to dominate the broader market.

"Can you imagine a U.S. court finding that Android and iOS don't compete?" said Professor Sagers, referring to Apple's operating system.

Samsung, too, preinstalls a range of rival apps in addition to the suite of Google products. The commission's stated mission is to protect European consumers by assuring them the benefits of competition. But the commission does not seem to have considered the possibility that Google's search engine and browser have achieved such high market share because consumers prefer them, or that consumers might also like having the apps already installed on their phones.

The commission argues that when a phone comes with a single search engine preinstalled, it confers an enormous competitive advantage on that product. To support the theory, the commission said that on phones using Windows operating systems, which come with Bing preinstalled, 75 percent of searches are conducted using that engine.

But Windows-based phones accounted for only 0.15 percent of the global market at the end of last year. That renders the data irrelevant, Ms. Akman said.

A closer analogy, though not one cited by the commission, can be found in Russia. Last April, Google reached a settlement with a rival search engine based there, Yandex, under which it agreed that phone makers could preinstall Yandex on Android devices and let consumers decide which app would be their default search engine.

At the time, Google and Yandex each had about 48 percent of the Russian search market. Since then, Yandex has increased its share to 51 percent; Google's has dropped to 45 percent.

Even if preinstallation offers Google an advantage over rival app producers, that does not mean it harms consumers or violates competition law. I, for one, like having the Google apps preinstalled on my phone, unlike most of the clutter imposed on me by my phone service provider, Verizon.

Google has said it will appeal the commission's decision. Given the commission's track record — it has rarely been reversed — the company would seem to face long odds. Still, the European Union's highest court sent a 2009 antitrust judgment against Intel back to a lower court for further review last year. The higher court's opinion clarified that the purpose of European antitrust law was not to protect inefficient competitors at the expense of consumers. That could give Google an opening.

Then again, the Trump factor must now be considered, especially since the president, after all but declaring economic war on Europe last week, seemed to declare a truce on Wednesday.

"I don't think the Google ruling is anti-American," Ms. Akman said. "There are plenty of rulings against European companies, too. It's just that the American tech companies

have been so successful, and have achieved so much market power, that they're going to come under scrutiny."

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# His Pacific Island Was Swallowed By Rising Seas. So He Moved To A New One. (Cave, NYT)

Friday, July 27, 2018 New York Times By Damien Cave

MAKARU ISLAND, Solomon Islands — The first island David Tebaubau moved to 14 years ago has already disappeared, drowned by heaving currents and rising seas.

"It used to be right there," he told me, pointing east to what simply looked like more ocean. "We thought everything was going to be O.K., but it's getting very hard."

The spit of earth he currently occupies here in this remote stretch of the South Pacific is half the size it was when he arrived five years ago. At mid-tide, it's 24 steps across at its widest point, and 58 steps long (by my own walking count).

At high tide it's even smaller, a teardrop of sand and coral with just enough room for his family and a few tons of the seaweed they grow offshore.

It's that seaweed that keeps them here. The shallows near his island — and two others nearby that have also been settled by farming families — are perfect for a wiry breed that's exported across Asia. And Mr. Tebaubau, 50, a former mechanic with the calm voice and long beard of a sage, is especially adept at its cultivation.

His earnings have already sent his children to private school on a larger island. To the neighboring seaweed farmers, he is not just a recluse. He is The Seaweed King.

At least for as long as he has a kingdom.

All three of the sandy islands here are being swept away by powerful currents and a rising ocean caused by climate change. Precarious and precious, life here is lovely, tropical and calm, but also akin to living in a bathtub with warm water pouring in and no drain to let it out. Ever.

It's what you see in many parts of the Solomon Islands, a struggling, stunning country of around 900 islands and 570,000 people.

Scientists call it a global hot spot. The surrounding seas have risen about 7 to 10 millimeters per year since 1993, roughly three times today's global average — and what scientists expect across much of the Pacific by the second half of this century.

Confronting such extremes, residents of many small villages on various islands have picked up and moved. Others, especially here on the three islands surrounded by lush seaweed, are doing everything they can to stay.

"People talk about these islands being vulnerable, and along with that they tend to treat the human beings as vulnerable, too," said Simon Albert, a researcher at the University of Queensland in Australia who has written several papers on adaptation to climate change in the Pacific. "But in my view, they're the opposite — they're strong and resilient."

Maybe they're a bit stubborn, too — but with cause.

The families here are the children and grandchildren of migrants resettled by the British in the 1950s after their islands elsewhere in the Pacific suffered from extreme drought.

They're not eager to move again.

"They call us crazy for staying, but we just survive, ourselves," said Andrew Nakuau, 55, a farmer and community leader on Beniamina, where about 60 people live crammed together on an island no more than a few hundred meters wide.

We were meeting at its center, in a small church at Beniamina's peak — shin-high from the sea. I could see Makaru a short boat ride away.

Small solar panels the size of a notebook shimmered on the roofs of the thatch-and-wooden homes clustered nearby. Washbins and buckets for rainwater, the only freshwater available, lined the island's pathways, thirsty for a storm.

I asked Mr. Nakuau what it felt like to be so disconnected from the causes of climate change, with its cars and coal, but so close to its effects.

He shrugged and walked me over to his own line of defense.

To the left of an outhouse dangling over teal blue water, which used to be land, he pointed to a pile of coral rising several feet from the sand. It was held in place with wooden beams.

"This is the second wall I've built," he said. "The first one was four years ago."

He has also added a second floor to his home.

When I saw a DVD player there, I asked if he had a favorite. "Rambo," he said.

A few hours later, low tide, and work, returned. Most of the young men from the islands could be seen out in the water, piling seaweed into dugout canoes, or tying seedlings to underwater ropes.

It was hot, equatorial hot, even in the water.

When a thunderstorm rolled in, the men quickly moved their catch under tarps to protect it.

Under one tent on Beniamina, nearly a dozen women were working together, laughing and chatting as the men carried seaweed in and children splashed nearby in the rain.

Asked about the toughest part of living on the island, the women struggled for answers.

"It's easier to get to know each other here," said Rakeua Angela, 58, a mother of six.

Rarely, all agreed, does anyone cause trouble. Even drinking alcohol is against the rules; 20 lashes on the rear-end is the punishment, last meted out about a year ago, Mr. Nakuau said, to eight boys and two girls caught in a not-so-distant corner of their very small island.

Cross-sea marriages are common (three of Mr. Tebaubau's children married into Beniamina families) and recreation is communal — bingo nights for women around once a week, birthdays celebrated by all and, at dusk on most days, volleyball and music on Beniamina.

The games are competitive, but joyful with a soundtrack moving from hip-hop to Abba. Watching the island's teenagers play during one particularly glorious evening, it was almost possible to believe that life here could continue forever, undisturbed.

Except that in the distance were the dead gray trees that used to be on land, and the dark blue waves, crashing on the reef.

None of the islanders, especially not the Seaweed King, seemed to notice. When we returned to Makaru, Mr. Tebaubau happily showed me his warehouse with the seaweed he planned to sell next.

"I don't intend to move," he said. "Here there's no boss, you're the boss."

His children were out. His own wall of coral stood tall. "We'll keep trying," he said, "trying to stand."

Except for a few growling dogs, he was completely alone, tilting at the windmill of rising seas.

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### I'm Stuck In Guantanamo. The World Has Forgotten Me (Rabbani, LAT)

Thursday, July 26, 2018 Los Angeles Times

By Ahmed Rabbani

The world has forgotten me.

Though I once had friends, now I have nobody. Though I once had a government, Pakistan has turned its back on me. Though I once was a human being, I have been reduced to a number (1461) and abandoned in a dark hole: the military prison at Guantanamo Bay.

I am officially a prisoner of war, though the only battle I ever fought back home, as a taxi driver in Karachi, was the rush hour traffic. I was mistaken for an extremist, captured by Gen. Pervez Musharraf's government and sold to the CIA for a bounty in 2002. I've now been detained at Guantanamo, without trial, for nearly 14 years.

President Trump's lawyers argued in court this month that I and other Guantanamo prisoners who have filed habeas corpus petitions could be held by the U.S. government for a hundred years, if that is how long the "conflict" lasts.

I have withstood a lot of torture.

We are said to be the most dangerous prisoners in the world. Yet in the years since this prison was opened, there have been no murders here, no escape attempts, no drugs. The only deaths have been those of the nine men who succumbed to health problems or took their own lives. The only alleged sexual abuse has been at the hands of American interrogators.

The Miami Herald reports that, to operate Guantanamo Bay prison, it costs \$11 million per prisoner per year. That would be more than \$30,000 a day just for me.

I have gone on hunger strikes many times to peacefully protest my imprisonment. I am back to not eating, but this time it's not a strike. I have chronic stomach problems so acute that I cannot consume hard food without vomiting blood. I am slowly disappearing, dropping a pound a week. I currently weigh 95 pounds.

I have asked for papaya and figs, as well as lamb, the only meat soft enough for my stomach to digest. Although a previous commander said I could have what I needed, I am not getting it.

For a while we had a physician whom we called Dr. Unfortunately. "Unfortunately you can't have this," he would say. "Unfortunately you can't have that."

Now we have Dr. Surprise. "They have approved your food, except the lamb," he said. "I am surprised you are not getting it."

Instead of giving me papaya and figs and lamb, the guards force-feed me cans of nutritional formula. They used to let us receive liquid food while watching television. Now they strap my hands and legs down in a restraint chair. (We call it the "torture chair.")

I have withstood a lot of torture. Before they brought me to Guantanamo, the Americans took me to a black site in Kabul known as the Dark Prison, where my hands were shackled overhead for days on end. Do you have any idea how painful that is, with your shoulders gradually dislocating? Maybe you read in the Senate Intelligence Committee's torture report about the prisoner who tried to cut off his own hand to end the pain. That was me.

Torture makes you go mad. Sometimes I catch myself going mad again now. Every time I am force-fed, every time I meet with my lawyer, every time I see a doctor, they use some kind of metal detector device to do a cavity search. They have never found anything in all these years. What I am meant to be hiding, I have no idea. It is pointless. But I have to wonder if the radiation it emits isn't my own private Hiroshima or Nagasaki — four, six, eight times a day. Maybe I am paranoid, but I feel that something bad is happening to me, deep inside.

When someone says, "Good morning," I do not respond anymore. There is no morning and no evening. There is only despair.

Ahmed Rabbani is a taxi driver from Karachi, Pakistan, who has been detained without trial at Guantanamo Bay for almost 14 years.

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### Did Israel Just Stop Trying To Be A Democracy? (Boehm, NYT)

Thursday, July 26, 2018 New York Times By Omri Boehm

Mr. Boehm is an Israeli philosopher.

Last week, Israel's government pushed through Parliament a new law calling Israel the "nation-state of the Jewish people." That statement may sound like a truism — and in some respects it is one — but the implications of it officially being made are monumental.

In 1948, the Declaration of Independence, the text that marks the founding of Israel, created a Jewish state that would ensure "complete equality of social and political rights to all its inhabitants irrespective of religion, race or sex." Since then, the question of how Israel could be both Jewish and democratic has been the object of fierce controversy.

The effort to guarantee equal rights for non-Jews has at times seemed like trying to square a circle. Last week, Israel gave up on even trying.

Prime Minister Benjamin Netanyahu claims that the new legislation simply "determined in law the founding principle of

our existence." In fact, its primary function is to build a formal foundation for Israel's annexation of the West Bank — and for a Jewish state eventually to stretch over the whole of Palestine. Late last year, Mr. Netanyahu's hard-right Likud party had called for the "application of Israeli law and sovereignty in all liberated areas of settlement" in the West Bank.

Critics of last week's nation-state legislation say it flouts the 1948 Declaration of Independence, but matters are messier, and uglier, than that: The new law only exposes an old dirty truth, an unspoken quid pro quo dating back to the creation of modern Israel.

The Declaration based itself explicitly on a 1947 United Nations General Assembly resolution that called for the establishment of two states in Palestine: one Jewish, the other Palestinian. It recognized "the natural right of the Jewish people to be masters of their own fate, like all other nations, in their own sovereign state." It also declared "the establishment of a Jewish state in Eretz-Israel." This language — "like all other nations"; "in," not "over," the Holy Land — left open the possibility that Palestinians, too, could be masters of their own fate, also in Palestine.

But this implicit nod to Palestinian self-determination was driven by an overriding concern for Jewish interests, not Arab rights. In May 1948, there were about 600,000 Jews and some 1.2 million Arabs living within Palestine's borders. With Jews in the minority, the Jewishness of a democratic Israel could only be ensured if Palestinians had a chance at self-determination. In other words, Israel's foundational twin pledge (to be both Jewish and democratic) was hypocritical: Arabs would be equal (in rights) so long as Jews were superior (in numbers).

The system's original contradictions are now being laid bare. Of the more than 8.2 million people living in Israel's recognized borders today, roughly 73 percent are Jewish and 22 percent are Arab. But of the 11.8 million people who live in Israel and the West Bank, roughly 56 percent are Jewish and 40 percent are Arab. And as the prospect of a viable two-state solution has receded, so has Israel's promise that it would provide full equality to non-Jews.

In keeping with this evolution, last week's nation-state law says that, "The right to exercise national self-determination in the State of Israel is unique to the Jewish people." Its proponents insist that such pronouncements neither amend nor undermine the 1948 Declaration's commitments to equality because the legislation doesn't subordinate democratic rights to the protection of Jewish identity. This is a misleading claim: The nation-state law doesn't create any such hierarchy because it doesn't need to; other laws already do.

Notably, any person who "expressly or by implication" negates "the existence of the State of Israel as a Jewish and democratic state" already is prohibited from running for Parliament, known as the Knesset. Defending Israeli democracy through such a law arguably is a legitimate way to guard against extremists who want to destroy the system from within, by abusing its own rules. But defending the state's Jewishness in this manner runs roughshod over people's equal right to democratic representation. It implies that Israel's Jewish identity trumps its democratic character.

Last month, the Joint List, an alliance of mostly Arab-Israeli lawmakers, submitted to Parliament a bill called "Basic Law: The State of All of Its Citizens" that proposed redefining Israel from a Jewish state to a neutral republic. The Knesset didn't even vote on it, invoking a procedural rule to dismiss it outright as denying the country's Jewishness.

As Ahmad Tibi, an Arab-Israeli member of the Knesset quipped back in 2009, "This country is Jewish and democratic: Democratic toward Jews, and Jewish toward Arabs." The nation-state law has just made it more so.

In particular, the new law says that "the state views the development of Jewish settlement as a national value and will act to encourage and promote its establishment and consolidation." In the context of Israel's ongoing conflicts over demography and land, promoting Jewish settlement doesn't just mean favoring the interests of Jews; it also means undermining the interests of Arabs.

The cruel results of this strategy are well known from Israel's settlement project in the West Bank, but similar measures have also been implemented inside Israel proper. In the 1980s, numerous Jewish villages were established in the north of the country as part of a heavily funded effort to "Judaize the Galilee." (I grew up in one of them.) To set up these villages, the government confiscated the land of Arab Israelis and isolated their towns from one another. Their economic prospects waned; their national aspirations — such as for autonomy within Israel — were undermined. Last week's law will give these old methods a fresh boost, including before the Supreme Court, where they have been challenged in the past.

Israel's policy of promoting Jewish settlements has created de facto apartheid in the occupied territories of the West Bank. The nation-state law now formally endorses the use of similar apartheid methods within Israel's recognized borders. What was long suspected has finally been made brutally clear: Israel cannot be both a Jewish state and a liberal democracy.

Omri Boehm is an associate professor of philosophy at the New School for Social Research.

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### **TRADE**

# Trump Trade War: U.S. Stock Market Is Faring Better Than China's Since Dispute Began (Shell, USAT)

Thursday, July 26, 2018 <u>USA Today</u> By Adam Shell

Economists say there are no winners in a trade war, and American farmers, appliance companies and automakers are proof that tariffs can inflict financial harm.

But if you're using the stock market as a measure of whose winning the trade dispute, the U.S. has a clear lead over China and its other trading partners.

While stock prices are just one way of gauging who's feeling more of the ill effects of tariffs, there's no disputing that shares of U.S. companies are performing better than Chinabased stocks and other foreign markets, says Alec Young, the New York-based managing director of global markets research for FTSE Russell.

"There's a lot of ways to judge this and I expect a lot of twists and turns, but if we just look through the lens of the market, we've seen much stronger U.S. stock performance," says Young.

The Standard & Poor's 500, a stock index filled with America's biggest companies that get more than 43 percent of their revenues from overseas sales, is up 6.5 percent this year through Wednesday's close. China's Shanghai composite is down more than 12 percent over the same period, and major stock indexes in Japan and Europe are down a little less than 1 percent.

The better performance of the closely watched U.S. stock index is good news for individual investors, as there is \$3.4 trillion invested in index funds that track the S&P 500 in all sorts of accounts, ranging from 401(k)s and IRAs to mutual funds and exchange traded funds, according to S&P Dow Jones Indices. A 401(k) investor with a \$100,000 investment in the large-company stock index at the start of 2018 was sitting on a gain of \$6,500 through July 25, compared to a loss of roughly \$12,000 for a Chinese investor that began the year with a similar-sized investment in the Shanghai composite.

So why are shares of U.S. companies holding up better, even though Kate Warne, investment strategist at St. Louis-based brokerage Edward Jones, says all markets have been "hampered" by tariffs and worries about the possibility of additional levies and more trade disruptions?

Reasons include: U.S. is negotiating from position of strength

The tariff dispute comes at a time when the U.S. economy is performing extremely well, Warne says. And that enables President Trump to negotiate a better deal from a position of strength.

Corporate profits are on track to grow by more than 20 percent for the second straight quarter, its best back-to-back performance since 2010. The U.S. jobless rate is at an 18-year low. And the economy is picking up, with economists forecasting second-quarter GDP growth of 4 percent, which would mark the fastest pace since 2014. China, as well as Europe and Japan, on the other hand, are experiencing slowing growth.

The U.S. economy is also benefiting from lower corporate tax bills and government spending.

"Stock markets are barometers of domestic conditions, and they show the short-term outlook for China isn't as positive as for the U.S.," Warne explains.

That's not to say individual U.S. companies won't experience a hit to profits from the tariffs.

General Motors, the nation's biggest automaker, for example, said Wednesday that higher commodity costs, mainly from steel, which has risen in price since the president announced a 25 percent tariff in March, took a \$300 million bite out of its quarterly earnings. GM shares fell 4.6 percent, as the company cut its forecast for full-year profits due to rising costs.

Similarly, appliance maker Whirlpool said Tuesday that demand for its washing machines was "very soft" from April through June after it raised prices to cover higher costs related to "raw material inflation."

U.S. farmers have also taken a hit after China, which is the largest importer of U.S. soybeans, retaliated with tariffs on that crop.Investors bet on Trump deal-making

Despite fears that the trade dispute could spiral out of control, slowing global growth and dampening investor and business confidence, Wall Street pros still believe the president's use of tariffs as a negotiating tool will likely be a winner.

If Trump wins concessions from China or the European Union, it could prove bullish for stocks as trade terms improve for U.S. companies.

"Right or wrong, many investors still feel the U.S. has the upper hand in this battle, and will win in the end," says Randy Frederick, vice president of trading and derivatives at the

Schwab Center for Financial Research.China has more to lose

Chinese exports to the U.S. measured in dollars outnumber incoming American goods to China by a 3 to 1 margin. Remember, nearly 70 percent of the U.S. economy is driven by domestic spending by consumers. China, which is running a \$280 billion trade surplus with the U.S, according to data from financial firm Stifel, can't risk losing too much of its American business, Wall Street pros say.

"The U.S. is a customer of size with buying power that is hard to replace," says John Stoltzfus, chief investment strategist at Oppenheimer Asset Management.

And although tariffs could cause prices for consumer products ranging from cars to washing machines to rise, "the U.S. does not need China as much as China needs the U.S.," says Barry Bannister, head of institutional equity strategy at Stifel.

So far, there is "little evidence trade is having a negative impact on economic data," says Young of FTSE Russell, adding that the massive U.S. economy is more insulated from trade strife because growth comes from many sectors of the economy, including industries, such as health care, which are not as hard-hit by tariffs as are industrial companies.

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## China's Xi Says World Must 'Reject Protectionism Outright' (AP)

Thursday, July 26, 2018 Associated Press

JOHANNESBURG (AP) — Chinese President Xi Jinping urged fellow leaders of the BRICS emerging economies to "reject protectionism outright" on Thursday during their annual summit in which the United States is being criticized for escalating tariffs on foreign goods.

Xi along with Russian President Vladimir Putin, Indian Prime Minister Narendra Modi, Brazilian President Michel Temer and South African President Cyril Ramaphosa clasped hands and posed for a group photograph on the second day of their meeting in Johannesburg.

The Trump administration's trade war with China, the world's second-largest economy, and other major trading partners has given focus to the summit to rally support for what Xi called "common prosperity."

The Chinese leader criticized the "escalation of protectionism and unilateralism" that he said has directly affected the development of emerging markets.

"We must unlock enormous potential for economic cooperation," he said, and fight back against protectionism by

working through the United Nations, the Group of 20 nations and elsewhere.

The BRICS leaders later signed a declaration in which they agreed to strengthen economic and security cooperation, uphold "multilateralism" and work toward "a fairer international order."

"We call on all WTO members to abide by WTO rules," they said in a statement, referring to the World Trade Organization.

A day earlier at the summit, Xi said the world faces "a choice between cooperation and confrontation" amid the trade dispute with the United States in which he warned there would be no winner. U.S. President Donald Trump, meanwhile, accused China of "vicious" tactics on trade.

Putin, for his part, supported the idea of opening regional branches of the New Development Bank for BRICS. "We are negotiating with Brazil on this matter, starting from the fact that after the completion of the issue, the opening of the office in Russia will begin," he said.

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### China Plans Retaliation For Any Amount Of U.S. Tariffs (BLOOM)

Thursday, July 26, 2018 Bloomberg News

The Chinese government has a plan to retaliate against increases in U.S. tariffs regardless of the volume of goods targeted, according to an official in Beijing.

China is ready to respond to measures from U.S. President Donald Trump whether they involve \$16 billion or \$200 billion of Chinese imports, the official said Thursday, asking not to be identified.

The comments came as the world's two biggest economies are locked in a trade standoff after imposing tariffs on \$34 billion of each other's goods earlier this month. Another \$16 billion of trade is likely to be targeted soon.

The Office of the U.S. Trade Representative has identified an additional \$200 billion of Chinese goods and Trump said he is "ready to go" with tariffs on as much as \$500 billion, roughly the value of all China's annual exports to the U.S. He has also accused China of manipulating its currency during the yuan's monthlong losing streak.

China's Ministry of Commerce spokesman Gao Feng said Thursday that the two sides have had no contact about renewing talks and the U.S. is fueling tensions while putting all the blame on China.

- With assistance by Miao Han, and John Liu

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### Amid Trade War, US And China Exchange Invectives At WTO (Keaten, AP)

Thursday, July 26, 2018 <u>Associated Press</u> By Jamey Keaten

GENEVA (AP) — Ambassadors from the United States and China exchanged barbs at the World Trade Organization on Thursday over the countries' simmering trade dispute.

The showdown between Dennis Shea and Zhang Xiangchen came at a WTO meeting in Geneva on Thursday, as the two massive economies are embroiled in a trade war. The Trump administration is putting tariffs on billions worth of Chinese goods, and China is retaliating.

Shea lashed out at Beijing's claim that it supports open, transparent, inclusive and non-discriminatory trade. He said: "China's size magnifies the harm caused by its state-led, mercantilist approach to trade and investment, and this harm is growing every day and can no longer be tolerated."

Zhang replied that Shea had "made the air smell like gunpowder."

"We should thank Ambassador Shea, as he reminded us that we are now in an unprecedented crisis of the multilateral trading system," he said.

While noting issues of poverty in China, Shea rejected Chinese government claims that it remains a developing country given that it is the world's largest automotive market, oil importer, steel manufacturer and meat consumer. He insisted that the Chinese state retains control or strong influence over a wide array of businesses in China.

"We want to ensure that members truly understand that change is necessary if the WTO is to remain relevant to the international trading system," he said, insisting that China too must change to "fully and effectively embrace open, market-oriented policies like other WTO members."

The meeting was closed to reporters and the comments were made available to The Associated Press through their respective diplomatic missions.

Trump has repeatedly criticized the WTO as allegedly unfair to the U.S.

Zhang then all but accused the U.S. of being the bigger disrupter of trade with its tariffs on steel, aluminum and tens of billions of dollars' worth of Chinese goods.

"We have to be fully aware which country's trade measures are most disruptive," he said.

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### U.S. Downplays Hopes For China Deal Soon Amid EU, Nafta Progress (Mayeda, Leonard, Niguette, BLOOM)

Thursday, July 26, 2018

**Bloomberg News** 

By Andrew Mayeda, Jenny Leonard, And Mark Niquette

President Donald Trump's trade battle with China is showing no signs of letting up, even after he made peace with the European Union and signs mounted that a tentative deal on a new Nafta may be reached next month.

The pact with the EU to refrain from new tariffs, announced Wednesday, has Bank of America Corp. economists suggesting a possible turning point in the global trade war. To celebrate the breakthrough, Trump tweeted a photo of European Commission President Jean-Claude Juncker greeting him with a kiss on the cheek.

Meanwhile, relations between Washington and Beijing showed no signs of improvement Thursday as Trump's top trade negotiator played down the prospect of a quick compromise and a top Chinese trade official railed against U.S. trade strategy as "extortion." Those were the latest signs that common ground with China remains a major challenge. A negotiating framework with Beijing in May lasted just days before Trump called for deeper concessions.

"We clearly have a chronic problem with China," U.S. Trade Representative Robert Lighthizer said in Senate testimony, estimating that trade issues with Beijing will take years to resolve. He said the Trump administration believes it must push back against China because it uses "state capitalism" to take advantage of the openness of the U.S. economy, costing Americans jobs and wealth.

"Some issues will be dealt with in a short period of time," Lighthizer said. "Directionally, we're going to have a problem with China that's going to go on for years."

Related Story: Qualcomm Scraps NXP Deal Amid U.S.-China Trade Tensions

In the early stages of talks, it appeared that Beijing might mollify the president by pledging to buy more American soybeans and energy, as the Europeans did this week. But Lighthizer's remarks portray the trade dispute as a longer-term clash between radically different systems. If such a view

prevails in coming months, it signals slimmer odds Trump can reach a deal with Chinese President Xi Jinping, who's shown little desire for abrupt economic strategy shifts.

In the most recent sign of the U.S. and China's frayed economic ties, Qualcomm Inc., based in San Diego, scrapped its \$44 billion bid for rival chipmaker NXP Semiconductors NV after Chinese regulators failed to approve the largest-ever deal in the chip industry. Interviewed earlier Thursday on CNBC, Treasury Secretary Steven Mnuchin said he was "very disappointed" in China's decision.

The hearing gave both Democrats and Republicans a chance to criticize Trump's trade policies, highlight the pain on American farmers and businesses, and point out the lack of a timetable for resolving the disputes. China's authoritarian political system offers its officials the ability to wait out the U.S. on trade issues, said Senator Brian Schatz, a Democrat from Hawaii.

"How do we have leverage in a situation where they have unending patience and we have almost none?" he asked Lighthizer. "You don't pick stupid fights."

"If your conclusion is that China taking over all of our technology and the future of our children is a stupid fight, then you're right, we should capitulate," Lighthizer responded. "My view is that's how we got where we are."

The deal with the EU suggests Trump will take an even harder line with China, rather than backing down, said Dan DiMicco, a former steel-industry executive who advised Trump during the 2016 campaign.

"Trump is playing hardball," he said in an interview. "The president is going to build a coalition to deal with the real issue, which is China's mercantilism." Tariffs, Retaliation

The Trump administration this week held public hearings on its plan to target \$16 billion in Chinese goods targeted with duties of 25 percent, which could be imposed after a comment period ends July 31. The administration imposed tariffs on \$34 billion of products on July 6, after similar hearings in May.

The U.S. has also identified an additional \$200 billion of goods slated for a 10 percent duty after China announced retaliatory levies, and Trump has said he's "ready to go" with tariffs on \$500 billion in imports – roughly the annual value of all U.S. imports from China.

High-level talks between the U.S. and China are on hold, and neither side appears ready to dial down the rhetoric. "Holding our feet to the fire has never worked," China's ambassador to the World Trade Organization, Zhang Xiangchen, said Thursday in Geneva. "Extortion, distortion or demonization does no good to resolve the issues."

The U.S. deal with the EU is a "clear negative for China," said Alicia Garcia Herrero, chief Asia-Pacific economist at Natixis SA in Hong Kong.

"It means the EU is on the U.S. side," she said. "We should expect the EU to align to some of the protectionist measures taken by Trump on China."

Even as he criticized China, Lighthizer expressed optimism of a deal on a new North American Free Trade Agreement. The U.S. hopes to conclude an agreement-in-principle with Canada and Mexico in August, Lighthizer said. The Mexican peso rose following his comments.

With assistance by Bryce Baschuk, and Enda Curran
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## Chinese Factory Rushing To Make Trump's 2020 Banners In Fear Of Tariffs (Hayes, USAT)

Thursday, July 26, 2018

**USA Today** 

By Christal Hayes

President Donald Trump's 2020 reelection banners are being made in haste at one Chinese flag factory as the fear of more tariffs loom.

Workers in Fuyang, China have been busy at work, leaning over sewing machine tables, hemming the edges of Trump's "Keep America Great!" banners and shipping them off. While the summer is usually the slow season at Jiahao Flag Co Ltd, the factory has packaged more than 90,000 of the iconic red, white and blue banners since March, according to Reuters.

Manager Yao Yuanyuan told the wire service that the increase is tied to the ongoing trade war with the U.S. Already, the U.S. has slapped tariffs on \$34 billion worth of Chinese goods and last week, Trump signaled he could increase that to all \$505 billion in goods that China imports.

"It's closely related," Yao told Reuters. "They are preparing in advance, they are taking advantage of the fact that the tariffs haven't gone up yet, with lower prices now."

While the banners are sold both within China and abroad, Yao said it unclear whether they are affiliated with Trump's campaign or the Republican party. Reuters reports the factory doesn't just make paraphernalia for the president but also sells American and rainbow flags.

Trump has taken a hard stance on trade, supporting U.S. made goods since he's taken office but ironically many items he's sold over the years through his multiple business ventures weren't American made, including Trump's vodka, shirts, ties, suits and eyeglasses.

Items in his clothing line, hotels, home decoration line was made in countries including China, Mexico and Bangladesh.

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### Trump-Europe Trade Rift: What Was Settled, And What Wasn't? (Wiseman, AP)

Thursday, July 26, 2018 Associated Press By Paul Wiseman

WASHINGTON (AP) — To the relief of many, the United States and Europe have agreed to avert a trade war over autos and to work toward removing other barriers to trade.

Yet the truce reached Wednesday by President Donald Trump and European Commission President Jean-Claude Juncker after a White House meeting produced few details and no commitments. And it didn't begin to address other Trump-led trade conflicts, notably with China, that have already hurt many U.S. companies.

Still, the news that the United States was at least temporarily holding off on taxing imported cars, trucks and auto parts from the European Union calmed fears on both sides of the Atlantic. The easing of tensions was warmly embraced after a drumbeat of intensely belligerent rhetoric from both sides.

"It's not clear at this point where all this is going and how long it will last," Simon Lester, a trade specialist at the Cato Institute, wrote on the libertarian think tank's blog Thursday. "But one day of trade peace is nice after months of harsh rhetoric and escalating tariffs."

Here's a look at what Trump-Juncker meeting achieved — and what it didn't.

#### WHAT DID TRUMP AND JUNCKER AGREE TO?

Most important, they agreed to suspend a looming trade war over autos. Trump has threatened 20 percent to 25 percent tariffs on imported vehicles and auto parts, which he has labeled a threat to America's national security. The EU has been readying retaliatory taxes on U.S. products. Now, those tariffs are on hold as long as the U.S. and EU keep talking in good faith.

Trump had faced a backlash against his threatened auto tariffs on Capitol Hill, especially from lawmakers whose constituents would stand to suffer. Sens. Doug Jones, D-Ala., and Lamar Alexander, R-Tenn., introduced legislation that would delay the tariffs by requiring the independent International Trade Commission to first conduct a study of the auto industry.

The U.S. and EU also agreed to start talks intended to achieve "zero tariffs" and "zero subsidies" on non-automotive industrial goods. And the EU agreed to buy more U.S. soybeans and to build more terminals to import liquefied natural gas from the United States.

The two sides said they would seek to resolve a dispute over steel and aluminum. The U.S. has imposed tariffs on the metals, again justifying the action on national-security grounds. These tariffs — effectively a tax on imports — have hurt many American manufacturers that require imported steel and aluminum to build cars, boats, machines and many other goods. The EU has counterpunched with tariffs on U.S. products.

Wednesday's meeting raised at least the prospect that those tit-for-tat tariffs would be lifted. But it's hardly assured. No firm dates were set for future talks on the U.S. steel and aluminum tariffs. And Trump, who has frequently changed course for little apparent reason, could always decide that the tariffs should remain in effect after all.

#### IS THE AGREEMENT GETTING GOOD REVIEWS?

Most analysts were relieved that the U.S. and EU had pulled back from the brink of automotive tariffs. But most were also underwhelmed by the lack of detail or formal commitments.

If history is a guide, the U.S.-EU talks on freer trade could stall as the union's 28 member states register objections to specific market-opening proposals and U.S. companies start raising demands on the negotiators.

"These things become Christmas trees with everybody hanging things on them," said Philip Levy, a senior fellow at the Chicago Council on Global Affairs and a former White House trade adviser. Levy cautioned that it would be "wildly unrealistic" to expect a big breakthrough on U.S.-EU trade.

It's also possible that the mercurial Trump could grow impatient with progress and hit Europe with auto tariffs after all. In May, analysts recall, Treasury Secretary Steven Mnuchin announced a cease-fire in a trade war with China after Beijing — like the EU on Wednesday — had agreed to buy more U.S. soybeans and liquefied natural gas. The truce lasted just days. In the end, Trump, retreating in the face of criticism that he had gone soft on China, declared the hostilities back on again.

Moreover, even before Wednesday's agreement, the EU was likely to buy more U.S. soybeans. That's because China, by far the largest market for the crop, has imposed retaliatory tariffs on U.S. soybeans, causing sales to shrink. So the Chinese are buying up all the Brazilian and Argentinian soybeans they can in the interim, leading to expectations that

the EU would buy more from the U.S. Still, the EU's purchases won't come close to making up for Beijing's cutback in purchases of U.S. soybeans.

WHERE DOES THIS LEAVE OTHER DISPUTES BETWEEN THE U.S. AND ITS TRADING PARTNERS?

The Trump-Juncker rapprochement did nothing to resolve America's conflicts with the rest of the world. Other trading partners — including Canada, Japan, Mexico and South Korea — still face the threat of auto tariffs, which could land as early as September. The reverberations would be enormous: The EU accounted for just 22 percent of U.S. auto imports last year; Canada and Mexico combined for 47 percent.

The U.S. steel and aluminum tariffs remain in place. And the United States is still locked in trade war with China. The Trump administration has imposed tariffs on \$34 billion in Chinese goods in a dispute over Beijing's high-tech industrial policies and has threatened to eventually target \$500 billion. China has struck back with duties on soybeans and pork, among other products, affecting Midwest farmers in a region that supported Trump in his 2016 campaign.

On Wednesday, Trump and Juncker raised the prospect of presenting a united front to China — demanding that Beijing curb overproduction, reduce subsidies for Chinese companies and act to protect foreign intellectual property.

"If the West is not nipping at each other, they can turn toward China," said Timothy Keeler, a lawyer and former chief of staff for the U.S. Trade Representative.

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## Trump Declares Victory For Farmers In Trade Spat With EU (Scott, Pigman, AFP)

Thursday, July 26, 2018

**AFP** 

By Heather Scott, Alex Pigman

Washington (AFP) – President Donald Trump declared victory for American farmers Thursday after brokering a ceasefire in a trade dispute with the European Union, but it is unclear how soon it will bring relief to those hurt by tit-for-tat tariffs.

The White House painted the agreement as a vindication of the US president's bare-knuckle tactics, which Trump has deployed even against allies. The details of the deal brokered with European Commission chief Jean-Claude Juncker on Wednesday remain unclear and subject to differing interpretations, but the EU did ward off a new round of US tariffs on autos and received a pledge to roll back duties on steel and aluminum.

In exchange, Trump said he won access for US soybean producers, and for American natural gas.

"We just opened up Europe for you farmers," he told supporters at a rally in the farm state of lowa.

Punishing US metals tariffs angered Washington's major trading partners including the EU and sparked retaliation against important American exports, spooking global stock markets.

US Treasury Secretary Steven Mnuchin said the truce will "immediately resolve" tariffs and the EU retaliation at the center of the costly trade row.

"The first issue that we'll begin negotiating is... the issue on the steel and aluminum tariffs and retaliatory tariffs," Mnuchin said on CNBC.

Brussels had hit back at the US over the metals tariffs by imposing duties on more than \$3 billion of US goods, including blue jeans, bourbon and motorcycles, as well as orange juice, rice and corn.

Mnuchin also confirmed that the US would not impose threatened auto tariffs – which would hurt dominant German carmakers – while negotiations are ongoing. That would head off the threat of another round of EU tariffs on \$20 billion in US exports.

"Phase one will be to immediately resolve those issues so there will be no tariffs in either direction," Mnuchin said.

- 'Vindication' for Trump -

The US declared a resounding victory for Trump and his confrontational stance, as Washington appears to have conceded little in exchange.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Commerce Secretary Wilbur Ross told reporters. "This is a real vindication of the president's trade policy."

The United States and the EU account for about \$1 trillion in transatlantic trade, and on Wednesday the leaders agreed to work towards eliminating all tariffs, trade barriers and subsidies.

Trump also said the EU made a commitment to buy more US soybeans and natural gas, but a European official disputed that characterization.

The joint statement said Brussels and Washington would "work to reduce barriers and increase trade" in a range of products including soybeans, and that the EU "wants to import more liquefied natural gas (LNG) from the United States."

But an EU official told reporters it will be up to the markets to decide whether to buy more US goods. "We are not going to turn into a Soviet-style economy."

European Central Bank chief Mario Draghi called the tentative truce a "good sign, because in a sense it shows that there is a willingness to discuss trade issues in a multilateral framework again."

He warned, however, it was too soon to "assess the actual content."

Germany unsurprisingly hailed the decision, given that its auto industry was the first in line to be punished by Trump's protectionist offensive.

But French President Emmanuel Macron expressed skepticism, saying a good trade negotiation "can only be done on a balanced, reciprocal basis, and in no case under any sort of threat."

US stocks closed the day mostly lower on Thursday, despite rallying after the announcement, as investors were cautious that the trade threat had fully receded.

Agricultural equipment makers Deere & Co. and Agco both advanced, but General Motors, Ford and Fiat Chrysler all fell. All three carmakers slashed profit forecasts in part due to higher supply costs due to US tariffs on steel and aluminum.

But European markets rallied, as French and German carmakers rebounded on news of their reprieve. BMW gained 4.4 percent, Daimler 2.8 percent and Volkswagen 4.0 percent in Frankfurt.

Ross said his department will continue its investigation into possible tariffs on imports of auto and auto parts and submit a report to Trump sometime next month.

However, it "may not be necessary" to impose the tariffs.

Watching China currency movements –

Trump also won a commitment from Juncker to work together to reform the World Trade Organization to address some of his complaints about China on theft of US technology, the behavior of state-owned enterprises, and overcapacity in steel.

The Republican president has long complained that the WTO has been unfair to the United States, despite the fact the US has won most of the disputes against China and others.

Mnuchin said there were no new developments on the dispute with China, which has been the target of most of Trump's trade policies.

"I've made perfectly clear that any time China is willing to seriously negotiate – and we're talking about a commitment to reduce the bilateral trade deficit as well as to deal with technology issues – we're available any time," he said.

But he also cautioned that the US is watching China's currency movements for any sign Beijing is manipulating the yuan.

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# Trump Celebrates His Tariff Policies With Illinois Steelworkers Amid Complaints From Midwest Farmers (Stokols, LAT)

Thursday, July 26, 2018 Los Angeles Times By Eli Stokols

A day after announcing a truce in a brewing trade war with Europe, President Trump returned to his protectionist script during two stops across the Midwest on Thursday, touting the reopening of an Illinois steel mill as proof that his tariffs are helping workers.

Despite opposition from the region's farmers hurt by other nations' retaliatory tariffs on agricultural products — and from the farmers' Republican representatives in Congress — Trump urged patience first in Iowa, then in southern Illinois, and asserted that the healthy economy made this an opportune time to pick a fight on trade.

"This is the time to straighten out the worst trade deals ever made by any country in the history of earth. But now they're becoming good again," Trump told steelworkers at a United States Steel Corp. mill in Granite City, Ill.

He has reached no deals during his presidency, however, instead turning to tariffs against trading partners in recent months. Explaining his hard-line stance to the steelworkers, Trump said America had been "the big dumb piggy bank and everyone was robbing us blind."

"We lost our businesses and our jobs to other countries," he said. But now, Trump said, "We're fighting back and we're winning."

Trump's event captured the unpredictable swings that have marked his trade policy. The celebration of the reopening of two blast furnaces, which the steel company attributed to Trump's 25% tariffs on imported steel, came a day after the president held a Rose Garden ceremony with the European Commission president to announce a trade truce, including his concession to reconsider his steel and aluminum tariffs.

Trade policy is again shaping up as a significant political issue heading into November's midterm election. Yet it seems to hinge on the mood swings of a president who's long been skeptical of the free trade principles that used to unite his party, and is willing to exercise executive authority in a protectionist way that recent predecessors rarely have.

Yet Trump now is confronting the predicted downsides of tariffs. Months after he targeted steel and aluminum imports and placed tariffs on \$34 billion in Chinese goods, trading partners' retaliatory tariffs targeting U.S. agricultural products are threatening farmers, businesses and blue-collar workers in states that Trump won in 2016.

An NBC News/Wall Street Journal poll this week showed that most voters — by a 2-to-1 margin — believe the tariffs will be harmful to the economy.

Trump's Rose Garden news conference Wednesday seemed to be an effort to lower the rhetorical temperature on trade and allay American anxieties about additional economic fallout. And it marked another instance of the president claiming credit for having resolved a crisis mostly of his own making, when he simply was returning to the status quo and much work and negotiations lay ahead.

In lowa, which along with Illinois is the nation's top soybean producer and bears the brunt of retaliatory tariffs, Trump spoke in glowing terms about the initial agreement with the European Union. He and European Commission President Jean-Claude Juncker agreed to start negotiations toward a U.S.- EU trade deal and avoid new tariffs in the meantime.

"Basically, we opened up Europe," the president said, exaggerating during a roundtable with political and business leaders in Peosta, an eastern lowa town outside Dubuque. "You're not going to be too angry with Trump, I can tell you."

Seemingly trying to dissolve the anxiety among agricultural producers by declaring the situation fixed, Trump spoke of a bond between himself and the pork, corn and soybean producers, who are now increasingly unnerved by the prospect of retaliatory tariffs from other countries.

"The farmers love me. They voted for me. We won every one of the states," Trump said. He blamed other countries for imposing the retaliatory agricultural tariffs, saying, "It's not nice, what they're doing."

With a green-and-yellow "Make our farmers great again" ball cap near him on a table, Trump said he'd convinced Juncker to get EU countries to buy more soybeans from American farmers.

The EU had already been importing soybeans and liquid natural gas. Juncker's promise to push European countries to import more of both was presented as a concession, in exchange for Trump dialing back his threats of more tariffs, including on European autos, while both sides work toward a permanent trade deal.

Analysts had viewed Trump's more amiable tone on trade Wednesday as a tactical move to address mounting criticism in his own party. In quickly reverting to his populist message of economic nationalism, the president left little doubt about his true sentiments.

Coming just a day after Trump talked like a free trader, extolling the ideas of zero tariffs and zero trade barriers, his attacks on existing trade deals and trading relationships threw cold water on the notion that he wanted anything less than outright concessions from other countries.

Not many Europeans were holding out high hopes to begin with, said Fredrik Erixon, an economist and director of the European Center for International Political Economy, a think tank in Brussels. On Thursday, European leaders were debating whether Juncker's approach to Trump was too soft. The French government signaled its disappointment and preference for playing hardball with Trump.

Erixon reckoned that the temporary truce would buy Europe a little more time, but he wasn't optimistic that the talks with Trump would amount to much.

"There was a sigh of relief after the meeting yesterday," he said. "Now there's a big question mark: How on earth do you go from here into the future?"

Trump's Midwestern swing was mostly about easing worries and taking credit. At the steel plant, across the Mississippi River from St. Louis, Trump said that "to see an old, big monster plant like this reopening, that is an honor."

Underscoring that he sees groups like the steelworkers as his political base, Trump, the New York real estate mogul born to wealth, then told them, "I could be one of you. True. Looking around, all these good-looking people, it could be me."

Earlier, on the flight to lowa, Commerce Secretary Wilbur Ross told reporters that the president's hard-line stance on trade had brought the EU to the negotiating table.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Ross said aboard Air Force One. "This is a real vindication of the president's trade policy."

That statement, however, was misleading at best. Before Trump took office, the U.S. and EU had been in tough but advanced trade negotiations after years of talks; his election, and general hostility to trade deals, effectively ended the effort.

Ross said that the U.S. had not lifted the tariffs Trump imposed but had agreed to hold off on automotive tariffs while negotiations take place: "In terms of auto tariffs, we've been directed by the president to continue the investigation, get our material together, but not actually implement anything pending the outcome of the negotiation."

He said the report on auto tariffs would be submitted in August. Imposing them "may not be necessary," Ross said, but he added that in the meantime, "steel and aluminum tariffs stay in place."

Even so, Juncker said in the Rose Garden, with Trump beside him, that the president had agreed to reconsider those tariffs.

In more contradictory statements on trade this week, the president tweeted Tuesday morning that "Tariffs are the greatest!" Then, standing beside Juncker on Wednesday afternoon, he called for "zero tariffs" at some point.

Times staff writer Don Lee contributed to this report.

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### Juncker's Trade Pitch To Trump: 'I Can Be Stupid, As Well' (Pop, Salama, WSJ)

How bravado, flip cards and a White House ally helped European official sell U.S. president on trade detente Thursday, July 26, 2018

**Wall Street Journal** 

By Valentina Pop And Vivian Salama

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# In Tentative Deal With E.U., Trump Touts Parts Of Global Trade Deals He Once Rejected (Whalen, Paletta, WP)

Thursday, July 26, 2018 Washington Post

By Jeanne Whalen And Damian Paletta

President Trump this week embraced components of global trade deals he has rejected in the past, in a preliminary agreement with the European Union, American and European trade experts and diplomats said Thursday.

Speaking to a crowd of steelworkers Thursday in Granite City, Ill., Trump touted a "historic agreement" with the European Union and said his administration's tough trade strategy is working and making up for unfair trade deals in the past. "This is the time to straighten out the worst trade deals ever made by any country on Earth ever in history," he said.

But the deals the administration has reached fall short of Trump's broad aim of rebalancing U.S. trade relations with the rest of the world — and in some instances adopt elements of past agreements the president is intent on breaking.

Trump's agreement this week with the European Union and a renegotiation earlier this year of a trade deal with South Korea bear similarities to deals that were in place or being negotiated before Trump took office, the analysts and diplomats said.

A key piece of the agreement Trump reached with European Commission President Jean-Claude Juncker to ease escalating trade tensions and forestall further tariffs called for both sides to "work together toward zero tariffs" on non-auto industrial goods, such as aircraft engines and turbines.

That was also a goal of the Transatlantic Trade and Investment Partnership, or TTIP, a proposed deal that the United States and the European Union were negotiating under the Obama administration and that subsequently withered.

"There does seem to be a lot of similarity in what Trump wants to achieve and what the TTIP tried to accomplish," said Eswar Prasad, professor of trade policy at Cornell University.

Wednesday's joint statement from Juncker and Trump also called for easing trade barriers in sectors such as pharmaceuticals and chemicals, aims that were part of the TTIP, said Anthony Gardner, who was U.S. ambassador to the European Union during the Obama administration.

The Trump administration's reworking of a trade deal with South Korea included some improvements for Washington, including a Korean agreement to restrict its steel exports to the United States, trade experts said.

But Jeff Moon, who was assistant U.S. trade representative to China during the Obama administration, said the new deal was largely similar to the previous one "because it wasn't that bad a deal."

During his hour-long speech at a U.S. Steel facility in Granite City, Trump gave a provocative, forceful defense of his approach to economic and foreign policy, arguing that his hardball tactics had worked with China, the European Union and North Korea.

It is a message the White House is trying to reinforce after many business leaders and Republicans in recent days expressed concern that Trump's trade agenda was starting to backfire.

Midway through the corporate earnings season, some of the country's largest companies have reported that they are feeling the pinch of the Trump administration's trade war.

The executives, who lead companies across a broad array of industries, identified the tariffs — especially on aluminum and steel — as a potential drag on profits.

They said the import taxes could lead to higher prices for consumers and force companies to make major changes in production lines, including moving some operations out of China.

General Motors, Coca-Cola, Harley-Davidson and Brown-Forman have all warned that the tariffs could push them to increase prices.

Republicans also have raised concerns about Trump's trade strategy.

Rep. Garland "Andy" Barr (R-Ky.) said that although he is pleased with the E.U. agreement, he is concerned about the effects of the trade tensions on the bourbon industry and on car plants in his state.

"We appreciate the administration lowering the temperature with the E.U., but to my question about retaliatory tariffs on Kentucky bourbon exports, I don't have a solution yet for my bourbon industry," Barr said.

"I also stressed that there are a lot more jobs at Toyota Motor Manufacturing in Kentucky that are negatively impacted by these steel tariffs than there are at the aluminum smelters and the steel production facilities in Kentucky," he added.

Trump said that U.S. policy before he became president was "stupid" and that the economy during the Obama administration was "going to hell." At one point, he said countries used to look at the country as the "big, fat, sloppy United States."

The rosy picture Trump painted of his agenda was only a partial reflection of where things stand. He characterized the E.U. negotiations, which began in earnest Wednesday, as nearly completed, but many differences remain. And relations with China are still chilly and uncertain amid an escalation of tariffs.

In a room full of steelworkers in a revived steel town, those nuances weren't as important as the momentum Trump said he was fueling. U.S. Steel executives and employees are strong supporters of the tariffs Trump imposed on steel and aluminum imports this year.

Bob Edwards, 60, was rehired by the Granite City steel plant in January 2017 after having lost his job 11 months earlier.

"A regular paycheck and a booming economy — when you are doing something, you are not worried about everything else," said Edwards, whose ponytail was tucked under his orange hard hat. He said he's a strong union supporter and also a strong Trump supporter.

U.S. Steel's chief executive addressed the crowd of about 500 in the sweltering warehouse before Trump arrived, encouraging them to keep working together to help the company continue its growth. U.S. Steel's stock price has roughly doubled since Trump's election.

"We have a president who believes in you," David B. Burritt said. "He's fighting for us."

Speaking before the Senate Appropriations Committee on Thursday, U.S. Trade Representative Robert E. Lighthizer said negotiations to overhaul the North American Free Trade Agreement were proceeding at "an unprecedented speed."

Lighthizer, who also met Thursday with Ildefonso Guajardo Villarreal, Mexico's economic secretary, to discuss NAFTA negotiations, said he hoped to have an agreement in principle with Mexico soon.

"My hope is that we will before very long have a conclusion with respect to Mexico, and as a result of that, Canada will come in and begin to compromise. I don't believe they've compromised in the same way the United States has or the way Mexico has," he said. Canadian officials didn't immediately respond to a request for comment.

Luis de la Calle, a former undersecretary in Mexico's economic ministry, said the United States and Mexico have incentives to conclude the NAFTA talks soon.

"On the Mexican side, there is the incentive of the outgoing government to conclude that issue, and for the incoming government, to not have to deal with it," he said, referring to the presidential administration set to take office in December.

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### **Europeans Are Skeptical Of Trade Truce With** Trump (Ariès, McAuley, WP)

Thursday, July 26, 2018

**Washington Post** 

By Quentin Ariès And James McAuley

BRUSSELS — European officials are struggling to make sense of what seems a temporary trade war truce between President Trump and the European Union, following the visit of E.U. leaders to Washington this week.

Trump and Jean-Claude Juncker, the president of the European Commission, announced Wednesday that they had agreed to work toward resolving disputes over steel and aluminum tariffs, delay proposed car tariffs and talk about a bilateral trade deal.

"Objectively this a good news, that we avoided so far tariffs on cars," said a senior E.U. diplomat, who like many officials spoke on the condition of anonymity to discuss sensitive internal discussions.

In capitals across Europe, a number of national officials echoed that sentiment, heralding the meeting as having prevented a trade war. German Finance Minister Peter Altmaier, for instance, called it a "breakthrough." But others were wary, wondering whether it's realistic to expect Europe to buy more soybeans from the United States, as Juncker signaled, or to become "a massive buyer" of U.S. liquefied natural gas, as Trump declared.

And to some European eyes, the more feasible parts of what Trump and Juncker discussed look a lot like the goals of what was known as the Transatlantic Trade and Investment Partnership, or TTIP, an initiative launched by President Barack Obama that aspired to free trade with Europe.

Wednesday's joint statement between Juncker and Trump included calls for easing trade barriers in sectors such as pharmaceuticals, chemicals, medical products and services — sectors that also were discussed within TTIP. Those negotiations have been mostly dormant since 2016, when they were sidetracked by Britain voting to leave the European Union and the United States electing Trump.

"TTIP was way too wide, and negotiations were stuck, as Americans were not keen to discuss greater access to their public procurements, while Europeans were reluctant on the U.S. importing more agricultural products," said a European Commission official.

According to another diplomat, some countries fear that communicating a revival of TTIP could anger voters. From the beginning, the E.U.-U.S. trade proposal triggered resistance from social and environmental activists. Reopening talks during a Trump presidency could backfire, as the next elections for the European Parliament are scheduled for May 2019.

With a White House that frequently changes course and on the spur of a moment, economic analysts hesitated to cast any definitive judgment on the Trump-Juncker detent.

"Is it actual, or is it just perfunctory?" said Maria Demertzis, the deputy director of Breugel, a Brussels-based think tank focusing on economic issues.

As far as soybean imports, prices from Argentina and Brazil tend to be a good deal lower than prices from the United States, according to an E.U. official.

U.S. prices have fallen somewhat in recent weeks, since China enacted its own set of soybean tariffs. But soybeans intended for Chinese markets can't necessarily be redirected to the European Union, which has stringent regulations on genetically modified foods.

According to a senior E.U. official, there have been no discussions about lifting those standards to purchase U.S.

soybeans. The same official said that agricultural products were outside the talks between Juncker and Trump, directly contradicting comments from Commerce Secretary Wilbur Ross, who said Tuesday that "all agricultural products are something that will be discussed."

"Ross can say what he wishes, but it does not correspond to the joint statement," the diplomat said.

A similar situation exists regarding liquefied natural gas, said a European diplomat working on trade issues. That provision probably was meant as a German concession to the White House, the diplomat said, given Trump's recent anger about the Nord Stream 2 pipeline deal, which will bring gas to Germany from Russia.

Nord Stream 2 hasn't been abandoned, though. And U.S. gas remains far more expensive because of shipping costs.

"The idea of significantly more LNG shipments to EU absurd," tweeted Anthony Gardner, a former U.S. ambassador to the European Union. "It is not price competitive with piped gas."

For some trade analysts, the concern was less about the particulars of the Trump-Juncker handshake this week than how Europe plans to deal with Trump, who only recently called the European Union a "trade foe."

"Let's go back a step," said Demertzis, the economic analyst. "What's the strategy here, to the extent that the E.U. has a strategy?"

She noted that the bloc has recently signed major trade deals with other partners, notably Japan. Meanwhile, it's contesting the Trump administration's steel and aluminum tariffs — which remain in effect — before the World Trade Organization, and it has pledged proportionality in retaliatory measures toward U.S. products.

"If you go and strike a deal with Mr. Trump, you have to think how that fits into the strategy," she said. "Striking a deal would do damage, in my view, to what you're trying to do on a broader level."

McAuley reported from Paris.

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### Trump Says Europe Will Buy More American Gas. Is That Possible? (Reed, NYT)

Thursday, July 26, 2018 New York Times By Stanley Reed

When President Trump met with Jean-Claude Juncker, the president of the European Commission, at the White House, the two said they were entering a new phase in their relationship. Crucial to that will be natural gas.

Demand for natural gas — a cleaner-burning fossil fuel than coal or oil — is rising worldwide, and the United States is a growing supplier of liquefied natural gas, or L.N.G. The European Union, meanwhile, wants to diversify its energy supply, which remains somewhat dependent on Russia, with which it has a difficult relationship.

Mr. Trump said on Wednesday that the 28-nation European Union would be "a massive buyer of L.N.G.," before adding, "We have plenty of it."

Any such shift won't happen overnight, though.

In simple terms: Europe's consumption of natural gas is increasing, and its domestic production is falling. Its imports have risen rapidly in recent years, and will most likely increase further in the future.

"The question is: Where will these increased imports come from?" said Marco Alverà, chief executive of SNAM, an Italian natural gas infrastructure company.

Many of the region's power plants are switching from being fired by coal, which has high levels of carbon emissions, to running on gas, which is significantly better for the environment (though not entirely clean).

But gas production in Europe is declining. One major reason is that the Dutch government ordered a sharp reduction of output at the enormous Groningen field, because of earthquakes caused by exploration there.

And some other sources may be near maximum capacity. Pipeline gas, the main source of Europe's gas imports, might have peaked, especially from sources like North Africa, analysts say.

L.N.G., a chilled form of natural gas sold by the United States that can be transported on ships to any place with a specific type of terminal, offers another option. Europe already has several such terminals in place — in fact, it is using less than half their available capacity.

To start, just having the possibility of importing large amounts of L.N.G. from the United States, or indeed elsewhere, eases the risk that Russia could apply a gas chokehold on Europe. (Germany, for example, imports around half of its natural gas from Russia.) Poland and Lithuania, which are especially wary of Moscow, have recently built L.N.G. receiving terminals for this reason.

Still, Europe's dependence on Russia is driven largely by one factor — Russian gas is cheap.

European gas prices are now largely determined by trading on financial markets, but they are often too low for American suppliers to compete. The cost of liquefying gas in the United States and transporting it to Europe doubles its price for American companies. So if they were to sell to customers in Europe at current prices, they would lose money.

By contrast, Russian gas sent by pipeline to Germany costs far less, allowing Russian companies to make large profits, according to Jonathan Stern, founder of the natural gas program at the Oxford Institute for Energy Studies.

There is also another benefit: Buying more gas from the United States could give Mr. Trump a reason to hold off on imposing costly tariffs on auto imports. Giles Farrer, an analyst at the energy consultancy Wood Mackenzie, points out that the president has tried to use gas to improve the United States' trade balance in talks with Europe and China.

Cost is a major factor.

Europe has pushed hard in the past two decades to create a freely traded market for natural gas, according to Mr. Alverà of SNAM. The region has, in essence, bet that a functioning market is the best route to easing dependence on any one source.

While American gas exports have grown rapidly, most shipments have gone to Asia and Latin America, where prices have been higher. Price differences mean American gas is usually attractive to European buyers only during cold snaps, when prices on the Continent rise. If a glut of L.N.G. emerges in the future, more of that gas from the United States may wind up in Europe, but that could mean American suppliers lose money, Mr. Stern said.

The United States became a natural gas exporter only recently, as large quantities of the fuel have become available from shale drilling. As a result, the country has yet to construct the export terminals necessary to sell its gas to customers further afield. The United States is expected to add substantially to this export capacity in the next few years, though.

"It makes a lot of sense for U.S. L.N.G. to fill the gap," said Oswald Clint, an analyst at Bernstein Research.

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### Europe Averts A Trade War With Trump. But Can It Trust Him? (Erlanger, NYT)

Thursday, July 26, 2018 New York Times By Steven Erlanger

BRUSSELS — When he arrived in the Oval Office for negotiations over their growing trade war, Jean-Claude Juncker, the president of the European Commission, brought a small gift for President Trump, a renowned admirer of military commanders. It was a photograph of the cemetery in Luxembourg where Gen. George S. Patton is buried.

Mr. Juncker, a wily, if often maligned, former prime minister of tiny Luxembourg, added an inscription, alluding to the shared sacrifice of Americans and Europeans during World War II. "Dear Donald," it read. "Let us remember our common history."

Mr. Juncker left the Oval Office on Wednesday with a deal — or at least a truce — that for the moment has defused the Trump administration's growing trade war with Brussels, while bringing relief across Europe, especially in Germany. Yet if Europe's political and business leaders are cautiously optimistic that an economic crisis has been averted, they are also wary, given their history with Mr. Trump in the 18 months since he has taken office.

Even as Mr. Trump cast the meeting on Wednesday as a great success, and offered gratitude to Mr. Juncker, the question is whether the deal represents a meaningful improvement in the severely strained trans-Atlantic alliance, or is simply another example of the unpredictable approach of a president who has spent months mocking and undermining European leaders — even describing the European bloc as a "foe."

"The question is, how much do you give in to a bully?" asked Maria Demertzis, the deputy director of Bruegel, an economic research institute in Brussels. "This could just be perfunctory, and if it just stops extra tariffs, that's fine. But you can't really depend on Trump. His understanding of global trade is bilateral balance, which is as good as arbitrary, given global supply chains. And it depends on what side of the bed he wakes up on tomorrow."

For Mr. Juncker, the outcome was a triumph, even if he made concessions. The negotiations are also a reminder that Germany and its chancellor, Angela Merkel, still dominate the European Union. Mr. Trump's threat to impose large new unilateral tariffs on imported automobiles shook German business to the core — and it would also have had a large impact on the Czech Republic, Slovakia, Spain and other countries that are important suppliers and manufacturers to the German car industry.

Now the president has agreed to push that threat to the side as the two parties begin broader negotiations. The trade war erupted after Mr. Trump imposed tariffs on steel and aluminum, and the European Union responded with retaliatory tariffs on iconic American products like bluejeans, bourbon and Harley-Davidson motorcycles. Those tariffs will remain for now, but will be part of the negotiations.

"Juncker's achievement was to get Trump to say publicly that he would reconsider steel and aluminum tariffs and not impose car tariffs in return for a negotiation," said Guntram B. Wolff, director of Bruegel. "For the E.U., the gun is still loaded but it's not pointed at our heads, so for us it's a good moment to negotiate."

Indeed, some analysts argued that the new negotiations effectively represent a resurrection, in some fashion, of the effort begun by former President Barack Obama — and halted by President Trump — for a free-trade pact with Europe, known then as the Trans-Atlantic Trade and Investment Partnership, or T.T.I.P. Together, the United States and the European Union comprise half of the global economy, and analysts were optimistic about the commitment by Mr. Trump and Mr. Juncker to work together to overhaul the World Trade Organization, especially given the rising power of China.

Focusing on the W.T.O. also better fits the European Union's overall strategy, which is to defend the multilateral world order of rules and law — rather than the kind of bilateral deal Mr. Juncker and Mr. Trump just discussed.

For Daniela Schwarzer, the director of the German Council on Foreign Relations, the mere fact that Mr. Trump negotiated directly with Mr. Juncker, as the head of the European Union institution in charge of trade, is vital.

"There was a real danger that the unified position of the E.U. could break open if Trump singled out industries and countries on tariffs," Ms. Schwarzer said. "Trade must remain an E.U. competence, otherwise the single market is meaningless."

Mr. Trump has angrily denounced America's trade deficit with the European Union, even as he has come under increasing domestic political pressure from farmers, businesses and the auto industry over his tariffs. On Wednesday, Mr. Juncker promised to increase purchases of American soybeans and American liquefied natural gas, or L.N.G. But Ms. Demertzis said it was less clear how quickly the Europeans could deliver on those promises — meaning that the immediate value for Mr. Trump may be political.

"Europe has decided to change its trade policies," said Fredrik Erixon, director of the European Center for International Political Economy, "which gives Trump something to sell to his political base."

Tellingly, Bruno Maçães, the former Portuguese secretary of state for European Affairs and the author of "The Dawn of Eurasia," points out that Brussels approved only last Friday some genetically modified American soybeans to be sold in the European Union, an old American demand that would have helped the Washington talks.

European officials said that their offer on soybeans was important for Mr. Trump and for the success of the meeting, given that roughly 30 percent of American soybean

production has traditionally gone to China. "I thank you for that, Jean-Claude," Mr. Trump said, going off-script from an agreed statement.

European officials and analysts acknowledged that Mr. Trump's threat to impose tariffs on the auto industry was a powerful one that forced a European response, despite vows not to negotiate as long as the metal tariffs were in force. As for Mr. Juncker's claim that the suspension of that threat was "a major concession," Mr. Maçães was amused.

"So if I threaten to burn down a house unless the owner pays me, and refrain from doing it when he pays, there were concessions on both sides?" he asked.

Still, it was a great relief for Germany, whose foreign minister, Heiko Maas, welcomed the agreement to start talks. It shows, he said on Thursday, that "The answer to America First can only be: Europe United."

In a speech in Tokyo, Mr. Maas also called for a strategic partnership among like-minded middle powers, like Germany and Japan, to preserve the liberal world order against big predatory powers like China, Russia and now, presumably, the United States.

Indeed, European leaders now seem to have concluded that the only way to deal with Mr. Trump is to negotiate with him — a stance Mr. Juncker and other Europeans once rejected as inimical to the global system.

For Ms. Demertzis, there are dangers in this new tactic. Not only does it cut against Europe's stance as the great defender of the multilateral order, it also risks feeding the tiger, the unpredictable Mr. Trump.

"We haven't seen the end of this, that's for sure," she said. "The only thing that drives the message home in Washington is bad outcomes. The E.U. must stay the course and use proportional measures to whatever comes out of Washington and take the heat until the message gets home."

Milan Schreuer contributed reporting.

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# Trump's Trade Truce With Europe Has A Familiar Feel: It Mirrors Obama's Path (Swanson, Ewing, NYT)

Thursday, July 26, 2018

New York Times

By Ana Swanson And Jack Ewing

When President Trump called a truce with the European Union over trade, the general outlines of his plan sounded familiar. It echoed of earlier negotiations — the ones started under President Barack Obama and shelved by Mr. Trump last year.

Mr. Trump, in many ways, is taking credit for solving a crisis of his own making. After taking office, he criticized the deals of his predecessor and cut off trade talks with the European Union. He raised the stakes by imposing tariffs on steel and aluminum, prompting retaliatory measures by the European Union. Then he stoked the tensions by calling Europe a "foe."

Now, Mr. Trump, in hashing out an agreement on Wednesday with president of the European Commission, Jean-Claude Juncker, is declaring victory. He said the two sides would work to lower tariffs and other trade barriers. They would reduce bureaucratic roadblocks to industrial goods flowing across the Atlantic, while ending conflicting regulations for drugs and chemicals.

The United States was pursuing much the same under Mr. Obama through a deal called the Transatlantic Trade and Investment Partnership. And the collapse of the deal still smarts for large segments of American and European business who had fervently hoped to create a trans-Atlantic version of the North American Free Trade Agreement. The European Union has repeatedly told the Trump administration that it would be happy to revive trade talks.

"Most of the deal is stuff we were already on the verge of agreeing on in the T.T.I.P. negotiations, before that deal got deep-sixed after Trump's election," said Rufus Yerxa, the president of the National Foreign Trade Council, which represents exporters. "But at least the President is talking about more open trade instead of how great tariffs are."

Both European and American officials resisted comparisons to previous negotiations. But it was not immediately clear what would set the new talks apart from those carried out by the Obama administration, beyond their more limited scope. Unlike with the previous round of negotiations, European officials said that the agricultural sector would be excluded from a deal with the Trump administration.

Speaking from Air Force One on Thursday, the commerce secretary, Wilbur Ross, called the European Union's willingness to negotiate a "real vindication of the president's trade policy."

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Mr. Ross said.

"The major progress today is that our American friends agreed not to increase tariffs on cars and other products during the negotiation, which is a major concession by the Americans, I have to say," Mr. Juncker told reporters after the meeting in Washington.

Mr. Trump's aggressive posture has helped him gain leverage on the trade front with countries like China. But his

confrontational approach has also strained relations with vital allies like the European Union.

It is possible that Mr. Trump has changed the political calculus for Europeans. They are frightened by the prospect of escalating tariffs with their largest trading partner.

Penalties on foreign cars and auto parts were especially worrisome for Europe, where the industry is a big economic driver. Mr. Trump will postpone imposing them to see how the negotiations progress.

"The Europeans have to ask themselves, 'Do we want a trade war or a trade pact?" said Gabriel Felbermayr, director of the ifo Center for International Economics in Munich. "Before it was a choice between a pact and the status quo."

Among European business leaders, there was cautious optimism that the meeting between Mr. Trump and Mr. Juncker could signal a return to the cooperative relationship that once prevailed between Europe and the United States.

"We would see this as a step in the right direction," said Susan Danger, chief executive of the American Chamber of Commerce to the European Union in Brussels. "Work on these areas first, build up trust, and then we work on progress toward other areas."

Whether the announcement turns into a signed trade deal is not exactly assured.

Europeans continue to question whether a president with an expressed fondness for tariffs is negotiating in good faith. Diplomats, officials and analysts in Europe worry that Mr. Trump could easily pivot back to the hostility he showed toward European leaders at the G7 summit meeting in Canada in June or the NATO summit meeting in Brussels this month.

"It buys time. Potentially it could be more," Jörg Krämer, chief economist at Commerzbank in Frankfurt, said of the agreement between Mr. Trump and Mr. Juncker. But Mr. Krämer added, "Trump is a protectionist, and we can't rule out this was just a tactical move."

Other portions of the plan lack detail or sound unrealistic. Although Mr. Trump said the European Union had promised to purchase more natural gas and soybeans, the market there is dominated by private companies. And the various national governments in the 28-member bloc may have a tough time influencing their purchases.

Mario Draghi, the president of the European Central Bank, was not ready to sound the all clear. He said Thursday that broad trade tensions remained a risk to the world economy.

"Uncertainties related to global factors, notably the threat of protectionism, remain prominent," he said at a news conference in Frankfurt.

The trade talks did not go smoothly under Mr. Obama, either.

Europe and the United States started their trade talks in 2013 in an effort to cut regulations as well as expand trade and investment. But the talks dragged on over divisions over pharmaceuticals, consumer safety and investment rules.

In Europe, the deal ran into resistance from critics who complained that the negotiations were held largely in secret. A big worry was that companies would exploit a trade pact to water down regulations on the environment and food safety.

Germans were among the most strident opponents of a trans-Atlantic trade deal, even though the country's auto industry was strongly in favor of removing tariffs. In 2016, thousands of people marched in Berlin to protest the proposed deal.

When Mr. Trump was elected, the negotiations fell apart.

One of the most toxic parts of the prior deal, an investment court that allows businesses to sue governments for unfair treatment, would likely not be part of future talks. Mr. Trump's advisers have criticized these courts and insisted on removing them from Nafta.

Opposition groups signaled on Thursday that they would keep a close eye on what emerges from this new attempt to dismantle trade barriers.

"Any trade talks between the world's two biggest economies must not start a race to the bottom, jeopardizing hard-won protections for labor rights, public health, sustainable agriculture and the environment," Shira Stanton, a trade policy strategist for Greenpeace, said in an emailed statement. "If the E.U. and U.S. try again to water down essential safeguards behind closed doors, they should expect the same public opposition."

Then there are the practical hurdles to negotiating a trade pact, a process that typically takes years.

To abide by World Trade Organization rules, any future pact would have to cover nearly all trade between the United States and the European Union, which makes it hard to exclude many sectors. Although Europeans have said agriculture will not be included in the talks, many other industries, from manufacturing to services, may fight back against efforts to slash the tariffs and regulations that protect them.

There may be ways to finesse those rules, which the Europeans are anxious not to openly flout. When Japan and the European Union signed a trade pact earlier this month,

they phased in some provisions over 15 years to blunt the impact.

"If they want to do it, they can," said Mr. Felbermayr. "A trade war would be a lot worse than a free trade deal, and no one is going to object."

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### **US-EU Trade Agreement Wins Cautious Welcome In Germany (AP)**

Thursday, July 26, 2018 Associated Press

BERLIN (AP) — Political and business leaders in Germany, Europe's biggest economy, on Thursday welcomed a deal to defuse trade tensions between the U.S. and the European Union, but relief was tempered with caution that details must still be firmed up.

At a meeting in Washington on Wednesday, President Donald Trump and European Commission President Jean-Claude Juncker pulled back from the brink of a trade war over autos and agreed to open talks to tear down trade barriers. But the agreement was vague and the coming negotiations with Europe are sure to be contentious.

The talk about cutting trade barriers "sends an important signal of detente," said Dieter Kempf, the head of the Federation of German Industries.

"The tariff spiral in trans-Atlantic trade appears to have been halted for now," he added. "But now deeds must follow words."

Foreign Minister Heiko Maas, who was on a visit to South Korea, celebrated the agreement as evidence that unity among the European Union's 28 members paid off. "We have seen that when Europe is united, our word counts," he said.

"America and Europe are not enemies," Maas said. "I hope that this realization will once again become what it was until recently at the White House: a matter of course."

He said that the results of the meeting in Washington were above expectations and "we will now have some time."

Juncker said the U.S. and the EU have agreed to hold off on new tariffs, suggesting that the United States will suspend plans to start taxing European auto imports — a move that would have marked a major escalation in trade tensions between the allies.

The head of the German Association of the Automotive Industry, Bernhard Mattes, said the agreement is "good news for business and consumers on both sides of the Atlantic."

"What has to be done now is to fill the agreement with life and quickly start negotiations," he added in a statement.

BusinessEurope, an umbrella organization of European business lobbies, declared that "reason has prevailed."

"The agenda for talks between the EU and the U.S. to deescalate the current trade conflict is the right one," said its president, Pierre Gattaz, adding that "European business is ready to give its contribution in the discussions."

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### France And Spain Want US Action On Steel, Aluminum Tariffs (AP)

Thursday, July 26, 2018

**Associated Press** 

MADRID (AP) — The leaders of France and Spain said they welcomed a trade truce between the United States and Europe called this week, but demanded action Thursday from their ally across the Atlantic to reduce tariffs and rejected negotiating a new trade agreement with the U.S.

"A good trade dialogue can only be based on a balanced, reciprocal basis, but never under any sort of threat," French President Emmanuel Macron said at a press conference with Spanish Prime Minister Pedro Sanchez in Madrid.

Macron added that he wanted to see "clear signals on steel and aluminum that are subject of illegal tariffs in the United States."

The U.S. has imposed tariffs on imports of the metals and threatened to put taxes of 20 to 25 percent on cars, trucks and auto parts imported from the EU, justifying the actions on national-security grounds.

The EU has imposed retaliatory taxes on American-made products.

But on Wednesday, U.S. President Donald Trump and European Commission President Jean-Claude Juncker agreed to engage in talks that would open markets. The EU also agreed to purchase more soybeans from the U.S. and to build more terminals for imported American liquefied natural gas.

Sanchez said neither France nor Spain were comfortable with the deal's potential to harm Europe's common agricultural policy and said they would seek clarification from Juncker, the European Union's chief trade negotiator. Macron said the deal eliminates "useless tension," but also warned that he was against launching negotiations on a vast U.S.-EU trade accord "because the context doesn't allow it."

The French president made his first official visit to Spain on Thursday. He and Sanchez have agreed to pursue a joint agenda on expanding the EU's membership and reaffirmed their shared views on mass migration from northern Africa to Europe.

But both leaders had to field questions about separate scandals that threaten to tarnish their public images.

Macron accused journalists of "stirring a storm in a glass" over his former security aide who was seen beating a protester in video footage published by Le Monde last week.

Prosecutors and French lawmakers have opened a judicial investigation of Alexandre Benalla's actions at the May 1 demonstration he attended with riot police he was supposed to be observing. Macron's office has been under attack for not disclosing the incident weeks ago and how Benalla was disciplined before his firing last week.

"Something grave has occurred which was met with an immediate and proportionate response from the Elysee Palace," Macron said in reference to the home of the French president's offices. He said he was awaiting a "profound and legal analysis" from the investigations.

Sanchez has faced sharp criticism from the political opposition after his government defended a trip the prime minister took with his wife on the official government jet last week to attend a music festival in the eastern region of Valencia.

The Spanish leader said the controversy was "artificial" and the government's security department requires the prime minister to travel by plane.

Macron was hosted for dinner by Spain's King Felipe VI and scheduled to go to Portugal on Friday to meet Prime Minister Antonio Costa and attend a debate on the future of Europe.

Macron and Costa will be later joined by Sanchez and European Commission officials for a mini-summit on energy policy in the region.

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# Macron Says He Needs To See More Detail On Trump-Juncker Accord (Fouquet, Duarte, BLOOM)

Thursday, July 26, 2018

#### **Bloomberg News**

#### By Helene Fouquet And Esteban Duarte

French President Emmanuel Macron said he will seek clarifications from the European Commission on elements of the trade agreement its leader, Jean-Claude Juncker, thrashed out with U.S. President Donald Trump this week.

"A good trade negotiation, as I have said before, can be only done on balanced and reciprocal basis and under no circumstances under threat," Macron said during a joint press conference in Madrid with Spanish Prime Minister Pedro Sanchez. "We have some questions that we will want to clarify in the coming days with our European partners."

Macron's reservations about the deal sealed Wednesday in Washington reflect concern that the accord may create imbalances among European countries, and Germany in particular. Sanchez matched his French counterpart's caution.

"The Spanish don't believe in unilateralism or that a specific economy imposes its policies and criteria in international trade," said Sanchez.

In return for a pledge by Trump to suspend the threat of an extra tariff on European Union car exports, Juncker reheated proposals to bolster transatlantic economic ties and buy more liquefied natural gas from the U.S. Such a move would ease Europe's reliance on Russian gas.

Macron said that agricultural products should be excluded from talks, citing European standards on food safety and environment that should not be abandoned in talks.

"This is the principle at the heart of the European sovereignty I am calling for," he said. The deal points to increased imports of U.S. soybeans.

He said that European firms should be given better access to public-sector tenders in the U.S. and called from Trump to make a gesture of goodwill over the "illegal tariffs" he's imposed on steel and aluminum.

"This must comes ahead of any concrete advances" on trade, he said.

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#### Macron 'Not In Favour' Of Vast New US-EU Trade Deal (AFP)

Thursday, July 26, 2018 AFP

Madrid (France) (AFP) – French President Emmanuel Macron said Thursday he viewed talks between US President Donald Trump and EU Commission chief Jean-Claude Juncker as "useful", but he was "not in favour" of a "vast new

trade deal" between the European Union and the United States.

"European and France never wanted a trade war and the talks yesterday were therefore useful in as far as they helped scale back any unnecessary tension, and working to bring about an appeasement is useful," the French leader said after a meeting with Spanish Prime Minister Pedro Sanchez in Madrid.

"But a good trade discussion... can only be done on a balanced, reciprocal basis, and in no case under any sort of threat," Macron said.

"In this regard, we have a number of questions and concerns that we will clarify".

Macron said he was "not in favour of us launching a vast trade agreement, along the lines of the TTIP, because the current context does now allow for that," referring to a transatlantic free-trade deal which stalled two years ago.

And he reaffirmed his opposition to including agriculture in any such deal.

"I believe that no European standard should be suppressed or lowered in the areas of the environment, health or food, for example."

Macron went on to insist that "clear gestures are needed from the US, signs of de-escalation on steel and aluminium, on which the United States have imposed illegal taxes. That, for me, would constitute a prelude to making further concrete headway" on trade.

In the US on Wednesday, Trump and Juncker announced a plan to defuse a lingering trade row, that in effect saw Washington back off a threat of auto tariffs against Europe, at least for now.

Nevertheless, the details of the deal remained vague, with a statement mentioning that the transatlantic allies would "launch a new phase" in the relationship.

Spanish premier Sanchez, for his part, also said "we don't want any trade war" and said he was determined to "defend (the EU's) common agricultural policy".

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#### Trump Administration Tries To Ease Republican Worries About Trade Fights (Hughes, Schlesinger, WSJ)

Truce with Europe is touted, but lawmakers push for accelerated efforts on other fronts

Thursday, July 26, 2018

Wall Street Journal

By Siobhan Hughes And Jacob M. Schlesinger

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Trump Wants Europe To Buy U.S. Gas—but Russia Is In His Way (McFarlane, Pancevski, Kantchev, WSJ)

Thursday, July 26, 2018

**Wall Street Journal** 

By Sarah McFarlane, Bojan Pancevski And Georgi Kantchev

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Wilbur Ross Says U.S. Investigation Of Auto Tariffs For Europe Will Go On Despite Deal (Boyer, WT)

Thursday, July 26, 2018 Washington Times

By Dave Boyer

Commerce Secretary Wilbur Ross said Thursday the administration's preparations for tariffs on European autos will continue despite President Trump's deal with European Union leaders to suspend any new tariffs.

"We've been directed by the president to continue the investigation, get our material together but not actually implement anything pending the outcome of the negotiations," Mr. Ross told reporters.

He said Commerce will submit its report on auto tariffs sometime in August, and imposing them "may not be necessary."

In the meantime, he said, "Steel and aluminum tariffs stay in place."

Mr. Trump announced with European Commission Jean-Claude Juncker Wednesday that both sides would hold off on any new tariffs and negotiate toward a "zero tariff" relationship. Mr. Juncker agreed that the European Union will purchase more U.S. soybeans and liquefied natural gas.

Mr. Ross credited steel and aluminum tariffs for the agreement.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," he said. "This is a real vindication of the president's trade policy."

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## Larry Kudlow: E.U. Now Backs Trump's Trade Fight With China (Miller, WT)

## Thursday, July 26, 2018 Washington Times By S.A. Miller

President Trump's chief economic adviser said Thursday that European Union Commission President Jean Claude Juncker pledged to back the U.S. trade fight against China.

The commitment to take on China's trade abuses was made as part of the breakthrough zero-tariff deal struck this week by Mr. Trump and Mr. Juncker, said Larry Kudlow, director of the president's National Economic Council.

"The United States and the E.U. will be allies in the fight against China, which has broken the world trading system," Mr. Kudlow said on Fox Business Network's "Varney & Co."

He said that China attempted to enlist the E.U. to oppose Mr. Trump's get-tough trade policies but Mr. Juncker refused.

"Juncker made it very clear yesterday that he intended to help us [and] President Trump on the China problem," he said.

The agreement to negotiate zero tariffs, zero barriers and zero subsidies on non-auto industrial goods avoided a full-fledged trade war. Mr. Trump pushed the E.U. to the brink of a trade war to get an agreement to level the playing field for U.S.-E.U. commerce.

When Mr. Trump and Mr. Juncker announced the deal Wednesday they included a push for World Trade Organization reforms that could reign in China.

"The world trading system is broken with high tariffs and barriers and technological stealing and [intellectual property] theft," said Mr. Kudlow.

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### Industry Head: Tariffs Could Have Big Impact On US Energy (Anderson, AP)

Thursday, July 26, 2018 Associated Press By James Anderson

DENVER (AP) — President Donald Trump's tariffs on European steel and Chinese goods pose a multi-billion-dollar threat to America's energy industry, though a truce between the United States and Europe offers hope that trade tensions eventually will de-escalate, the head of a prominent U.S. energy trade group said Thursday.

Jack Gerard, the outgoing president and CEO of the American Petroleum Institute, said 25 percent tariffs on European steel will significantly drive up the cost of specialized imports — especially from Germany — long used by U.S. energy firms to strengthen domestic oil and gas pipelines.

"We have companies that have announced multi-billion-dollar projects in this country that have already paid for the steel or have the steel under contract. Now it's being put on the water to come over here and — boom — the economics change by 25 percent," Gerard said in an interview. "It sends a chilling effect throughout the industry — particularly for the big players that use a lot of steel for a lot of infrastructure."

China has warned it may slap tariffs on growing U.S. crude oil and liquefied natural gas exports to retaliate for U.S. trade sanctions. The Trump administration imposed tariffs on \$34 billion in Chinese goods in a dispute over high-tech industrial policies and has threatened to eventually target \$500 billion.

China accounted for 20 percent of total U.S. crude exports and 15 percent of its liquefied natural gas exports in 2017, according to the U.S. Energy Information Administration.

Gerard said he hopes the trade truce reached Wednesday between Trump and European Commission President Jean-Claude Juncker is a harbinger of things to come. New trade agreements would validate Trump's repeated promises to deliver trade pacts more favorable to U.S. workers, Gerard said.

Gerard reiterated industry support for Trump administration moves to accelerate permitting for oil and gas drilling, promote offshore drilling and eliminate environmental regulations considered excessively burdensome by the industry.

He welcomed the April opening of a large LNG terminal in Maryland and advocated for another proposed terminal in Oregon that would tap reserves in the Rocky Mountain West for export to Asia.

Significant advances in hydraulic fracturing have produced the U.S. natural gas boom — one partly driven by Colorado, the nation's No. 5 natural gas producer and No. 7 producer of oil.

The state's \$32 billion oil and gas industry, whose natural gas output has doubled since 2001, hosted an annual roundtable in which Gerard made his last public appearance as API head before stepping down to assume a leadership position with the Mormon Church in his native Utah.

He and Tracee Bentley, executive director of the Colorado Petroleum Council, attacked a citizens' campaign to ask Colorado voters whether to drastically limit future energy development on non-federal lands. A Boulder-based organization, Colorado Rising, is seeking enough voter signatures to place the initiative on the November ballot.

Two state analyses suggest the initiative would rule out 85 percent of non-federal land to development and drastically

reduce property taxes paid by the industry. Those taxes totaled \$470 million in fiscal year 2016-17.

It's the latest attempt to harness drilling along Colorado's metropolitan Denver area, whose rapid expansion over the past decade has led to housing and commercial development alongside once-isolated oil and gas fields. Previous efforts have failed, despite advocates' concerns about health and drilling rigs close to schools.

"We tend to be a breeding ground" for similar efforts, Bentley said, expressing hope that Coloradans would reject such an initiative.

In agreement were panelists David Bernhardt, deputy U.S. interior secretary, and former Interior Secretary Ken Salazar, who served under President Barack Obama. Both are native Coloradans.

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# Europe's Vow To Buy More U.S. Soy Won't Make Up For China Losses (Bjerga, Almeida, BLOOM)

Thursday, July 26, 2018
<u>Bloomberg News</u>
By Alan Bjerga And Isis Almeida

The promise President Donald Trump extracted from the European Union to buy more soybeans from U.S. farmers won't put much of a dent in the potential losses from a continuing trade war with China.

The EU is the second-biggest buyer of the U.S. oilseed. But that is a distant second to China, which bought \$12.3 billion of the U.S. soy last year compared with the \$1.6 billion exported to the EU. Losses in sales to China stemming from an escalating trade spat are causing political headaches for Trump and farm state Republicans in Congress that Europe won't be able to relieve.

Even if the EU bought soybeans exclusively from the U.S., it would add about 10 million tons of demand and offset only about 35 percent of the 27 million tons of demand lost from China if the Asian nation completely halted U.S. purchases, said Michael Magdovitz, an oilseeds analyst at Rabobank International.

Trump highlighted the promise of more EU soy buying as part of a deal that pulled the two trading partners back from the brink of a tit-for-tat tariff war.

"Soybeans is a big deal. And the European Union is going to start, almost immediately, to buy a lot of soybeans – they're a

tremendous market," Trump said Wednesday as he stood next to European Commission President Jean-Claude Juncker outside the White House.

EU purchases were bound to rise anyway because U.S. soybeans are trading at a discount relative to those from Brazil. That country's soybeans have become more expensive due to increased demand from China.

"EU processors have significantly increased their purchases of U.S. soybeans in recent months because of the massive price difference to South America," Magdovitz said.

Soybean futures in Chicago were up 4.5 cents to more than \$8.80 a bushel in midday trading Thursday. Earlier in the day they touched \$8.96 cents a bushel, the highest since July 9, which was shortly after China imposed duties on U.S. exports.

Farm and rural areas gave Trump crucial support in the 2016 presidential election and since China imposed tariffs on U.S. agricultural products, the president has repeatedly promised farmers they would come out better off. He's at an event Thursday in lowa, the second biggest soybean producing state. The Trump administration this week announced a \$12 billion assistance plan for farmers hit by tariffs.

Republicans are hoping the EU agreement helps offsets some of the potential political damage. House Agriculture Committee Chairman Michael Conaway, a Texas Republican, thanked the Trump administration on Wednesday "for having our farmers' and ranchers' backs, including today's announcement on expanded market access in Europe."

— With assistance by Dominic Carey

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### BRICS Nations Pledge Unity As Trade War Threatens (Debut, Gumede, AFP)

Thursday, July 26, 2018

AFP

By Béatrice Debut, Michelle Gumede

Johannesburg (AFP) — Five of the biggest emerging economies on Thursday stood by the multilateral system and vowed to strengthen economic cooperation in the face of US tariff threats and unilateralism.

The heads of the BRICS group – Brazil, Russia, India, China and South Africa – met in Johannesburg for an annual summit dominated by the risk of a US-led trade war, although leaders did not publicly mention President Donald Trump by name.

"We express concern at the spill-over effects of macroeconomic policy measures in some major advanced economies," they said in joint statement. "We recognise that the multilateral trading system is facing unprecedented challenges. We underscore the importance of an open world economy."

Trump has said he is ready to impose tariffs on all \$500 billion (428 billion euros) of Chinese imports, complaining that China's trade surplus with the US is due to unfair currency manipulation.

Trump has already slapped levies on goods from China worth tens of billions of dollars, as well as tariffs on steel and aluminium from the EU, Canada and Mexico.

"We should stay committed to multilateralism," Chinese President Xi Jinping said on the second day of the talks.

"Closer economic cooperation for shared prosperity is the original purpose and priority of BRICS."

Russian President Vladimir Putin, who held a controversial meeting with Trump last week, echoed the calls for closer ties among BRICS members and for stronger trade within group.

"BRICS has a unique place in the global economy – this is the largest market in the world, the joint GDP is 42 percent of the global GDP and it keeps growing," Putin said.

"In 2017, the trade with our BRICS countries has grown 30 percent, and we are aiming at further developing this kind of partnership."

#### - US-EU truce? -

Turkish President Recep Tayyip Erdogan is also attending the summit as the current chair of the Organisation of Islamic Cooperation (OIC) and met with Putin on the sidelines Thursday.

"Our bilateral relations are improving certainly," the Kremlin cited Putin as saying, hailing the two countries' cooperation on Syria and in economic matters.

Erdogan in turn spoke about "rapidly developing bilateral relations", according to the Kremlin, which did not elaborate.

The BRICS group, comprising more than 40 percent of the global population, represents some of the biggest emerging economies, but it has struggled to find a unified voice.

Analysts say US trade policy could give the group renewed purpose.

In Washington, Trump and European Commission chief Jean-Claude Juncker announced an apparent truce in their trade war after White House talks on Wednesday.

The US and the EU will "immediately resolve" their dispute over US steel and aluminum tariffs and subsequent EU counter-measures, US Treasury Secretary Steven Mnuchin confirmed Thursday.

The dollar gained against the euro after the announcement, helping to boost eurozone equities.

The punishing US metals tariffs had angered Washington's major trading partners including the EU and sparked retaliation against important American exports, spooking global stock markets.

Xi arrived in South Africa for the BRICS summit after visiting Senegal and Rwanda as part of a whistlestop tour to cement relations with African allies.

On Friday, African leaders attending a "BRICS outreach" programme will include Paul Kagame of Rwanda, Joao Lourenco of Angola, Macky Sall of Senegal and Yoweri Museveni of Uganda.

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# BRICS Want World To Play By WTO Rules As Trump Seeks More Duties (Monteiro, Tanas, Bax, BLOOM)

Thursday, July 26, 2018

**Bloomberg News** 

By Ana Monteiro, Olga Tanas, And Pauline Bax

Brazil, Russia, India, China and South Africa want a rulesbased multilateral trade system as embodied by the World Trade Organization to be central to global commerce as the BRICS block's biggest member faces billions of dollars of additional tariffs from the U.S.

"We recognize that the multilateral trading system is facing unprecedented challenges," the BRICS nations said Thursday in a declaration drawn up at their 10th annual summit held in Johannesburg. "We call on all WTO members to abide by WTO rules and honor their commitments."

Escalating trade tensions are threatening to derail a global upswing that's already losing momentum amid weaker-thanexpected economic growth in Europe and Japan as financial markets seem complacent to the mounting risks, the International Monetary Fund warned July 16.

The U.S. and China clashed at a WTO meeting Thursday, with Washington demanding reforms to make the Asian nation's economy more responsive to market forces. The office of the U.S. Trade Representative is preparing levies on an additional \$200 billion of Chinese goods and President Donald Trump said he is "ready to go" with tariffs on as much as \$500 billion, roughly the value of all China's annual exports to the U.S. The two countries last month launched their initial salvos by imposing duties on \$34 billion of each other's imports.

**Unfair Treatment** 

Trump said this month that the WTO treats the U.S. unfairly, responding to questions about reports he's considered withdrawing the U.S. from the organization. The American government wins most of the cases it initiates with the body.

Earlier at the summit, Chinese President Xi Jinping called on BRICS nations to reject protectionism "outright" and promote trade and investment liberalization. There are no winners in a trade war, he said.

"We must work together at the UN, Group of 20 and World Trade Organization to safeguard a rule-based multilateral trading regime," Xi said, adding disputes should be resolved through dialog.

Strengthening trade and investment ties with BRICS nations "is one of the priorities," Russian President Vladimir Putin said at the same event.

The BRICS countries agreed to strengthen their cooperation in energy, and want nations to fully implement the Paris Agreement on climate change.

The countries also reaffirmed a need for "comprehensive reform" of the United Nations and its Security Council to make it more representative and for more developing countries to be present, they said.

With assistance by Amogelang Mbatha

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# Robert Lighthizer, Trade Rep.: U.S. Closing In On NAFTA Agreement, China A 'Longer-Term Problem' (Sherfinski, WT)

Thursday, July 26, 2018 Washington Times By David Sherfinski

Robert E. Lighthizer, the U.S. Trade Representative, on Thursday said it could take some time before the administration achieves its desired goals from an escalating standoff over tariffs with China.

Mr. Lighthizer did express hope that the U.S. is closing in on a deal to renegotiate the North American Free Trade Agreement (NAFTA), but said China is going to be a "longerterm problem."

"That isn't to say we're going to be in a trade war with China, in my judgment. But I think we have to change the dynamic," Mr. Lighthizer told lawmakers on Capitol Hill.

In response to what the Trump administration has slammed as trade abuses on the part of China, the administration has imposed or threatened to impose tariffs totaling a half-trillion dollars on Chinese goods.

China, in turn, has imposed its own new tariffs on U.S. goods such as milk, soybeans and automobiles.

"The tactics we see now ... appear to have gotten China's attention, but more tariffs cannot be the ultimate answer," said Sen. Jerry Moran, Kansas Republican.

The U.S. Agriculture Department announced this week a \$12 billion lifeline to farmers who are facing adverse consequences as a result of "trade damage from unjustified retaliation."

Mr. Lighthizer told members of the Senate Appropriations Committee the administration isn't contemplating a similar lifeline "at this time" for other small businesses being hurt by the retaliatory tariffs

On NAFTA, Mr. Lighthizer said the administration has been renegotiating the free-trade deal at "an unprecedented speed."

"Hopefully, we are in the finishing stages of achieving an agreement in principle that will benefit American workers, farmers, ranchers, and businesses," he said.

But the Trump administration has irked Canada, who along with Mexico and U.S. is party to NAFTA, by invoking national security reasons to impose tariffs on Canadian steel and aluminum.

Sen. Jack Reed, Rhode Island Democrat, asked Mr. Lighthizer if Canada is a national security threat to the U.S.

"Nobody is declaring war on Canada or saying they're an unfriendly neighbor," Mr. Lighthizer said, calling the country a "great ally."

"But if you decide that you need to protect an industry, you can't be a position where the protection is of no value," he said.

Mr. Lighthizer said he was meeting with Mexican officials Thursday about NAFTA, and that he hoped Canada would come in and compromise if the U.S. and Mexico managed to move the negotiations forward.

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# Trump Claims The U.S. Would Save Money Without Trade. That's Not What A Trade Deficit Represents. (Qiu, NYT)

Thursday, July 26, 2018 New York Times

By Linda Qiu

Fact Check of the Day

The president, in a speech in Illinois, escalated his misguided notion that a trade deficit means "lost" wealth into a claim an expert says "defies the most basic of economics."

what was said

"We lost \$817 billion a year, over the last number of years in trade. In other words, if we didn't trade, we'd save a hell of a lot of money."

— President Trump, speaking in Granite City, III., on Thursday

the facts

Mr. Trump is exaggerating the United States' trade deficit with the rest of the world, and grossly mischaracterizing what a trade deficit represents.

Over all, the United States ran a trade deficit in goods of \$807 billion in 2017 and a trade surplus in services of \$255 billion, for a net trade deficit of \$552 billion. Over the past decade, the United States hada goods deficit of \$724 billion and a net deficit of \$518 billion—below Mr. Trump's \$817 billion figure.

What does this mean? Simply put, a trade deficit occurs when a country imports more goods and services than it exports to another. (It is also driven by a number of other economic factors like the growth rates of countries, the strength of their currencies and their savings and investment rates.)

The United States' \$552 billion trade deficit does not mean it has lost its wealth to other countries — a notion that "defies the most basic of economics," said Scott Lincicome, a trade expert at the libertarian Cato Institute.

As The Upshot's Neil Irwin has explained:

"Imagine a world with only two countries, and only two products. One country makes cars; the other grows bananas.

People in CarNation want bananas, so they buy \$1 million worth from people in BananaLand. Residents of BananaLand want cars, so they buy \$2 million of them from CarNation.

That difference is the trade deficit: BananaLand has a \$1 million trade deficit; CarNation has a \$1 million trade surplus.

But this does not mean that BananaLand is 'losing' to CarNation. Cars are really useful, and BananaLanders got a lot of them in exchange for their money."

Extending Mr. Irwin's example, if BananaLand did not trade with CarNation, its citizens wouldn't be spending money on cars — "saving money" in a narrow sense — but they wouldn't have cars either.

In that same narrow sense, Mr. Trump is right that "without trade, we could have piles of money," Mr. Lincicome said. "But we'd have no food, clothing, housing, etc. So the money

would be worthless, unless you swam in it like Scrooge McDuck or something. Throughout history, autarky means poverty, not wealth."

Moreover, "when a country runs a trade deficit, there is a countervailing force," Mr. Irwin noted. The money that other countries gain through trade surpluses with the United States tends to return to this country, in the form of investment. "In effect, the flow of capital is the reverse of the flow of goods," he wrote.

Mr. Trump's suggestion of suspending trade with other countries to "save money" also contradicts statements his economic advisers and he himself have made extolling its virtues.

Expanding trade "has played an important role in the development of American prosperity" in the last century, according to the Office of the United States Trade Representative, which adds, "Trade remains an engine of growth for America."

The White House's economic report, which Mr. Trump signed in February, while arguing that trade has left some Americans worse off, acknowledged that "fair and reciprocal international trade as a whole leaves the U.S. better off in the aggregate."

Mr. Trump put it more plainly in a June interview: "I love trade."

Other claims

Mr. Trump also made several other inaccurate or misleading claims:

He falsely claimed United States Steel was opening seven new plants (it has not announced any, though it has restarted parts of a plant).

He falsely said, "I did win that women's vote" (he won an estimated 42 percent of women's votes).

He falsely claimed China's economy "flatlined for decades" before its entry into the World Trade Organization (the Chinese economy was growing before 2001).

He falsely claimed the United States is "rated No. 1 in the world for growth" (it's not).

He falsely claimed the United States "couldn't sell cars into" the European Union (it exports billions of dollars' worth of cars to the European Union).

He hyperbolically claimed military spending by NATO allies was "going down" before he raised the issue (spending has been rising since before Mr. Trump took office).

He misleadingly claimed President Barack Obama paid \$1.8 billion to free hostages from Iran (the money was payment for a decades-old dispute).

Sources: Scott Lincicome, The New York Times, the White House Economic Report, the Office of the United States Trade Representative, YouTube

Linda Qiu is a fact-check reporter, based in Washington. She came to the Times in 2017 from the fact-checking service PolitiFact. @ylindagiu

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#### **CONGRESSIONAL ACTIVITY**

# Bipartisan Bill Would Prevent Trump From Exiting NATO Without Senate Consent (Demirjian, WP)

Friday, July 27, 2018 Washington Post By Karoun Demirjian

A quartet of senators launched a new bipartisan effort Thursday to prevent President Trump from withdrawing the United States from NATO without the prior approval of the Senate, the latest effort to constrain the president from upending U.S. policy regarding Russia.

The bill would require the president to secure the support of two-thirds of the Senate — the same threshold required to enter into a treaty — before he could withdraw from the nearly 70-year-old alliance. It also authorizes the Senate's legal counsel to represent the body in any court cases needed to prevent a withdrawal from NATO without the Senate's approval.

The measure was drafted by Sens. Cory Gardner (R-Colo.) and Tim Kaine (D-Va.), both of whom sit on the Senate Foreign Relations Committee; Senate Armed Services Committee Chairman John McCain (R-Ariz.) and ranking Democrat Jack Reed (R.I.) have also signed on to the measure as leading co-sponsors.

"Regrettably, President Trump's mistreatment of our closest allies has raised doubts about America's commitment to the transatlantic alliance and the values of defense," McCain said in a statement. McCain, despite presently undergoing treatment for brain cancer, remains Congress's most respected statesman and has been a frequent critic of the president's stances regarding NATO and Russia.

"This legislation is urgently required to ensure that no president can withdraw the United States from NATO without the constitutionally required advice and consent of the Senate," he continued.

While Senate consent is required to enter into treaties, the Constitution is silent on the question of how the United States is supposed to exit a treaty. Article 13 of the NATO treaty

does address the question of when countries may exit — any country may leave the treaty one year after giving a "notice of denunciation" to the United States, which is then supposed to inform every other member — but it does not specify what national authority has the power to issue that notice of denunciation.

Trump has not publicly threatened to pull the U.S. from NATO, and at this month's summit in Brussels, he signed on to various efforts to counter the Kremlin and rededicate the U.S. to the organization's collective defense. But he has also repeatedly voiced doubts about the strategic importance of the organization, haranguing allies for not dedicating more funding ahead of schedule and even questioning its continued relevance, as he makes un-or-tho-dox overtures to improve relations with Russian President Vladi-mir Putin.

Last week, Trump even said on Twitter that a summit with Putin in Helsinki "may prove to be, in the long run, an even greater success" than his just-completed meetings with NATO allies.

The combination has proved troubling to more senators than just those who signed on to to the NATO bill unveiled Thursday. Earlier this week, Sens. Robert J. Menendez (N.J.), the top Democrat on the Foreign Relations Committee, and Lindsey O. Graham (R-S.C.) announced that they were working on a measure that would also require Senate approval for any bid to withdraw the U.S. from NATO, while also stepping up sanctions on Russian oligarchs and the country's energy, financial and cyber sectors.

The NATO-focused measures are only a subset of the bipartisan proposals lawmakers have unveiled in the wake of Trump's Helsinki summit with Putin, during which he suggested that he might take the word of the Russian leader over the conclusions of his own intelligence community regarding Russian election interference and influence campaigns. Lawmakers are still trying to get the administration to tell them what transpired during the two-hour, one-on-one meeting that preceded that surprise announcement, and an ensuing series of attempted walk-backs as the administration tried to address Republican criticism labeling Trump's performance as everything from "shameful" to a "missed opportunity."

On Wednesday, members of the Senate Foreign Relations Committee grilled Secretary of State Mike Pompeo for details about the meeting, which he said he had been briefed on, and for an explanation as to why the White House appeared to be "making it up as they go" when it came to foreign policy, particularly concerning Russia.

"The administration tells us, 'Don't worry, be patient, there is a strategy here.' But from where we sit, it appears that in a

'ready, fire, aim' fashion, the White House is waking up every morning and making it up as they go," Sen. Bob Corker (R-Tenn.), the panel's chairman, told Pompeo, complaining that the president's actions "create tremendous distrust in our nation, among our allies, it's palpable."

"Is there a strategy to this?" Corker asked.

In the meantime, the House voted overwhelmingly Thursday to approve an annual defense authorization bill that reaffirmed the United States' commitment to NATO and to increasing the defensive capabilities of European allies. The Senate is expected to take up the measure late next week and send it to the president's desk.

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#### **GLOBAL ISSUES**

### Report: China, Russia And Iran Ramp Up Economic Spying On US (Riechmann, AP)

Thursday, July 26, 2018 Associated Press By Deb Riechmann

WASHINGTON (AP) — A Chinese cyberespionage group called APT10 relentlessly attacks U.S. engineering, telecom and aerospace industries. Russian hackers last year compromised dozens of U.S. energy companies. Iranian hackers known as "Rocket Kitten" repeatedly target American defense companies in hopes of stealing information to boost Tehran's missile and space programs.

While Moscow's efforts to meddle in the 2016 U.S. presidential election are widely known, spy services from China, Russia and Iran, along with their proxy hackers, also are hard at work trying to steal trade secrets and proprietary information from the United States, according to a government report released Thursday. A classified version of the report was sent to Congress.

"Foreign economic and industrial espionage against the United States continues to represent a significant threat to America's prosperity, security and competitive advantage," the National Counterintelligence and Security Center said. "China, Russia and Iran stand out as three of the most capable and active cyber actors tied to economic espionage and the potential theft of U.S. trade secrets and proprietary information."

Cyberespionage is a relatively low-cost, high-yield way to access and acquire information from U.S. research institutions, universities and corporations, the report said. More vulnerabilities will emerge with the increase in cloud computing, artificial intelligence and the proliferation of

vehicles, home appliances, medical devices and other items connected to the internet.

Cyberoperations are the preferred method for conducting economic espionage, the report said, but U.S. adversaries also acquire sensitive information by hiring sophisticated hackers, recruiting spies or gleaning material from foreign students studying at American universities.

Adversaries also are infiltrating computer networks of suppliers that serve large companies and then using that connection to worm their way up the chain into large corporate computer systems. Bill Evanina, the nation's top counterintelligence official and director of the center, told reporters at a briefing that business leaders need to investigate the security of computer systems used by companies that supply their air conditioning and heating, printers and copiers and the like.

"Our economic security is our national security," Evanina said "We cannot just get numb to our adversaries stealing our intellectual property."

The report listed two dozen technologies that have piqued the interest of foreign intelligence collectors. They include oil, gas and coal-bed methane gas energies; smart grids; solar and wind technologies; biopharmaceuticals and new vaccines and drugs; defensive marine systems and radar; hybrid and electric cars; pollution control; high-end computer numerically controlled machines, which are used to control factory tools and machines in manufacturing; space infrastructure and exploration technology; synthetic rubber; rare earth materials; quantum computing; and next generation broadband wireless communications networks.

Michael Moss, deputy director of the government's Cyber Threat Intelligence Integration Center, said incidents of economic espionage are growing rapidly. "The thing that continues to surprise me is how fast it continues to accelerate. It's getting faster and faster," he said.

China uses joint ventures to try to acquire technical know-how, the report said. It said Beijing seeks partnerships with U.S. government labs to learn about specific technology and information about running such facilities and uses front companies to hide the hand of the Chinese government and acquire technology under U.S. export controls.

The Trump administration has railed against China, imposed new tariffs and called for Beijing to end the theft of intellectual property from U.S. companies. The administration also wants China to curb policies that require American and other foreign businesses to hand over technology in exchange for access to the Chinese market.

"If this threat is not addressed, it could erode America's longterm competitive economic advantage," the report said.

Economic espionage conducted by hackers linked to Russia is mostly aimed at finding ways to inflict damage on the United States, disrupt services or benefit its economic interests, according to the report.

"In support of that goal, Russian intelligence services have conducted sophisticated and large-scale hacking operations to collect sensitive U.S. business and technology information," the report said. It also said that Russian "military modernization efforts also likely will be a motivating factor for Russia to steal U.S intellectual property."

Iranian's operations have typically targeted adversaries in the Middle East, such as Israel and Saudi Arabia. But it also tries to infiltrate U.S. networks to acquire technologies to bolster economic growth, modernize its military and increase exports.

"The loss of sensitive information and technologies not only presents a significant threat to U.S. national security," the report said. "It also enables Tehran to develop advanced technologies to boost domestic economic growth, modernize its military forces and increase its foreign sales."

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### China, Russia, Iran Top Cyber Threats, U.S. Intelligence Finds (Strohm, BLOOM)

Friday, July 27, 2018 Bloomberg News By Chris Strohm

China, Russia and Iran pose the biggest threats of computer attacks to spy on U.S. companies and steal their trade secrets, according to a report from the Office of the Director of National Intelligence.

The three countries have conducted sophisticated, largescale hacking attacks across multiple U.S. industries, targeting the networks of technology and manufacturing contractors, defense contractors and utilities, according to the 20-page report compiled by office's National Counterintelligence and Security Center.

"Our economic security is our national security," William Evanina, director of the National Counterintelligence and Security Center, told reporters during a briefing Thursday. "We cannot just get numb to our adversaries stealing our intellectual property and trade secrets."

There's no sign the cyber thefts will stop.

"We anticipate that China, Russia, and Iran will remain aggressive and capable collectors of sensitive U.S. economic information and technologies, particularly in cyberspace," the intelligence center said. in the report "All will almost certainly continue to deploy significant resources and a wide array of tactics to acquire intellectual property and proprietary information."

A new threat is that hackers are infiltrating corporate networks while software code is being written, Evanina said. That lets the hackers insert malware into the code from the start that will stay as it's used by consumers and updated.

#### Russia

Russian government hackers compromised dozens of U.S energy companies in 2017, including their operational networks, according to the report.

"The threat to U.S. technology from Russia will continue over the coming years as Moscow attempts to bolster an economy struggling with endemic corruption, state control, and a loss of talent departing for jobs abroad," the counterintelligence center said.

#### China

Most Chinese cyberattacks against U.S. industry are focused on defense contractors and technology and communications companies "whose products and services support government and private sector networks worldwide," according to the report.

China reached an agreement with the U.S. in 2015 to stop conducting digital economic espionage. Attacks from China have lessened since then but still continue, the counterintelligence center said.

Iran

Iran is described as taking a noticeable turn in 2017 toward targeting U.S. networks, as it seeks to expand industries unrelated to oil.

"We believe that Iran will continue working to penetrate U.S. networks for economic or industrial espionage purposes," according to the report. "Iran's economy – still driven heavily by petroleum revenue – will depend on growth in non-oil industries, and we expect Iran will continue to exploit cyberspace to gain advantages in these industries."

Looking ahead, the counterintelligence office said software vulnerabilities will continue to let hackers insert malicious code into U.S. networks.

Additionally, new laws put in place by other countries might require U.S. companies to submit their software code for security reviews or store their data locally in the host country.

"A range of other potentially disruptive threats warrant attention," the counterintelligence agency said. "Cyber threats will continue to evolve with technological advances in the global information environment."

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### United Nations Leader Warns Of A Cash Shortage (Gladstone, NYT)

Thursday, July 26, 2018 New York Times By Rick Gladstone

The secretary general of the United Nations said Thursday that its cash supply had been severely depleted because of what he described as delayed contributions by many member states, and he warned the organization's employees that they must find ways to cut expenses.

"Our cash flow has never been this low so early in the calendar year, and the broader trend is also concerning," Secretary General António Guterres said in an internal memorandum to employees shared with The New York Times. "We are running out of cash sooner and staying in the red longer."

According to a tally known as the "honor roll" on the United Nations website, 112 of the organization's 193 members have paid their annual assessments in full.

The United States, by far the biggest single contributor at 22 percent of the budget, has not yet paid, but diplomats said the Americans typically completed their payments toward the end of the year.

Mr. Guterres did not single out any particular country among the 81 that had not yet paid, and he acknowledged that countries followed different fiscal calendars.

Nonetheless, he said, "this new cash shortfall is unlike those we have experienced previously."

It is not unusual that so many members have yet to pay their assessments. By this time last year, 77 had not yet paid. In July 2016, 95 had not yet paid.

Assessments to fund the budget are based on a formula tied to each member's ability to pay, which takes into account national income, population and debt levels, among other factors. United Nations peacekeeping operations are funded by a budget that is calculated separately.

Under Article 19 of the United Nations Charter, if a member is in arrears in an amount that equals or exceeds the assessment due for the previous two years, that member could forfeit its General Assembly vote unless there are extenuating circumstances.

Currently five members are subject to Article 19: Comoros, Guinea-Bissau, São Tomé and Principe, Somalia and Libya. But only Libya has lost its vote.

Mr. Guterres said in the memorandum that he had appealed to those members who had not yet paid their annual assessments to do so "on time and in full," and that he had "highlighted the risk the current situation poses to the delivery of mandates and to the reputation of our organization."

He did not specify precisely how the organization would conserve its cash, but he said that "for our part, we will need to take measures to reduce expenses, with a focus on nonstaff costs."

As word of the memorandum quickly spread on Thursday, Mr. Guterres's aides sought to dispel any notion that the United Nations was in a dire fiscal emergency.

"We are not trying to alarm," Stéphane Dujarric, the secretary general's spokesman, told reporters at a daily briefing. He said Mr. Guterres's memo was a reminder to the member states that "we don't have the same flexibility as governments in terms of controlling income and the timing of income."

The reminder came against a backdrop of pressure on the United Nations to control its expenses, which has been led by the American ambassador, Nikki R. Haley.

After the budget committee of the General Assembly agreed last December to a \$5.4 billion budget for 2018-2019, Ms. Haley took credit for a \$285 million cut from the previous budget.

"The inefficiency and overspending of the United Nations are well known," she said at the time. "We will no longer let the generosity of the American people be taken advantage of or remain unchecked."

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### Guterres Raises Alarm Over UN Cash Crunch (AFP)

Thursday, July 26, 2018 AFP

United Nations (United States) (AFP) – UN Secretary-General Antonio Guterres warned Thursday of a serious cash shortfall at the United Nations, telling staff in a message that cost-cutting measures are in store.

Guterres said the cash crunch was caused primarily by the failure of UN member states to pay their dues on time, adding that he had asked countries to quickly pay their share of the UN budget.

"Our cash flow has never been this low so early in the calendar year, and the broader trend is also concerning: we

are running out of cash sooner and staying in the red longer," Guterres wrote in the message posted to the UN's internal communications website.

The UN chief said "we will need to take measures to reduce expenses, with a focus on non-staff costs" and added that he had tasked the UN management department to come up with ways to cut spending.

The General Assembly in December approved a \$5.4 billion two-year budget for the United Nations, which is separate from the UN peacekeeping budget.

A total of 112 out of the 193 countries have paid their dues in full as of July, but this list did not include the United States, the UN's number one financial contributor.

The United States pays 22 percent of the UN budget, but the payment occurs later in the year, in line with its national budget cycle.

During last year's gathering of world leaders at the United Nations, President Donald Trump complained that the United States was shouldering too much of the cost of the world body.

UN spokesman Stephane Dujarric said "no one is withholding dues" from the United Nations but that the shortfall was bigger this year because of late payments.

Japan, China, Germany and France – which rank just behind the US in the list of top financial contributors to the United Nations – have all paid their dues.

At the end of June this year, the amount of money paid by member states was nearly 1.5 billion - some 200 million less than at the same time last year.

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### Record Drop In Foreigners Buying U.S. Homes (Kusisto, WSJ)

Home purchases by overseas buyers have fallen 21%, dealing fresh blow to housing market

Thursday, July 26, 2018

Wall Street Journal

By Laura Kusisto

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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#### ISIS

## IS Attack Devastates Community In Southern Syria (El Deeb, AP)

Thursday, July 26, 2018

#### Associated Press By Sarah El Deeb

BEIRUT (AP) — Mourners in southern Syria attended mass funerals Thursday for least 216 people killed in coordinated attacks by Islamic State fighters on a usually peaceful city and surrounding countryside. In the worst violence to hit the area since the country's conflict began, the militants also reportedly abducted at least 18 people, activists said.

The simultaneous attacks on the city of Sweida and surrounding villages a day earlier evoked the dark days of Islamic State violence that beleaguered Syria and neighboring Iraq during the group's heyday in 2014 and 2015. The abduction of civilians — activists say at least 14 were women — also were reminiscent of the group's tactic of taking hostages and using women as sex slaves.

A mass funeral was held in the city of Sweida on Thursday where men gathered in a hall to pay their respects to the dead. The devastated city was covered in black and shops were closed during the day to mourn the mass deaths.

Until Wednesday, Sweida, home to a predominantly Druze community, had largely been spared the violence that has hit Syria since 2011.

As Syria's civil war took increasingly sectarian undertones, pitting the largely Sunni opposition against the predominantly Alawite ruling class, the Druze minority stayed largely on the sidelines. Community leaders in Sweida took a firm position against participating in the war, resisting enrolling their sons in the army to avoid revenge attacks. The Druze, followers of an esoteric offshoot of Islam, have kept their own local militias.

The attacks Wednesday rocked the community, sparking criticism of the government for failing to protect the minority group that has for years been spared the violence.

Diana Semaan, a Syria researcher at the rights group Amnesty International, said there were signs that no government troops or security were present to provide protection for the community when it came under attack. Despite the community's push-back against getting involved in the war, the government has an "obligation" to protect them. Semaan said.

"We call on all sides to prioritize the protection of civilians. This didn't happen (in Sweida)," she said. "No government troops were in site."

The rare attacks in Sweida came amid a government offensive elsewhere in the country's south. Syrian forces are battling an IS-linked group near the frontier with the Israeli-occupied Golan Heights and near the border with Jordan. The group also has a small presence on the eastern edge of

Sweida province, and in the desert in adjacent Homs province.

The attacks shattered the peace of Sweida city, which has been a rare area spared much of the country's civil war violence. (SANA via AP)

The militants launched their offensive with a spate of suicide bombing attacks in the city of Sweida in the early hours of Wednesday, including one at a busy vegetable market that left a scene of devastation. The militants also swarmed several villages in the province's northeast, and in some cases, shot residents as they slept, according to activist-operated Facebook page Sweida News Network.

Hassan Omar, a government health official in Sweida province, said Thursday that at least 150 people were wounded in the attacks and that some were in critical condition.

SNN also shared the names of at least 18 people abducted from one village, Shabki, most of them women. Their fate remained unknown and it was not immediately clear if they were missing or abducted.

The Britain-based Syrian Observatory for Human Rights also reported the abduction, saying dozens were taken from their homes but details of the operation remained unclear. The Observatory put the death toll at 246, including 111 members of local militias who took up arms to fight the advancing militants. At least 135 civilians were among the killed, the Observatory said.

SNN said many of the dead were shot in the head as they slept.

The Observatory also reported bodies found killed inside homes.

Since their offensive in June, Syrian President Bashar Assad's forces have retaken territories controlled by the rebels along the Golan Heights frontier and are now fighting militants in the country's southern tip.

On Thursday afternoon, Syrian troops entered the town of Quneitra in the Golan Heights and reached the frontier with the Israeli-occupied part of the region, where the Syrian Central Military Media said they raised the Syrian flag.

The SCMM posted photographs from inside the town, where homes have been left badly damaged since wars with Israel decades ago.

Syrian state TV also reported that troops captured the nearby town of Sahem al-Golan later in the day.

IS has been largely defeated in Syria and Iraq, but still has pockets of territory it controls in eastern and southern Syria.

The extremist group boasted that its "soldiers" killed more than 100 people in Sweida.

In a statement posted on the group's social media channels, it said its militants carried out surprise attacks on government and security centers, sparking clashes with Syrian troops and allied militias. It mentioned nothing about attacking civilians in villages.

The Islamic State group posted no death toll for its own men in Wednesday's fighting. The Observatory said at least 56 militants were killed.

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### Death Toll In Devastating ISIS Attacks In Syria Climbs To 216 (Onyanga-Omara, USAT)

Thursday, July 26, 2018 USA Today

By Jane Onyanga-Omara

BEIRUT – The death toll from coordinated attacks by Islamic State fighters on a usually peaceful southern city and surrounding countryside has climbed to 216, a local health official said Thursday, in the worst violence to hit the area since the country's conflict began.

Mass funerals were held in the city of Sweida on Thursday, a day after the wave of attacks that began in the early hours of the mourning and lasted for hours. The city was the scene of several suicide bombings, including one at a busy vegetable market that left a scene of devastation and set in motion the coordinated assaults.

IS militants also attacked a number of villages in the northeast of the province, also called Sweida, where local militias and residents took up arms to fight the advancing militants.

The Britain-based Syrian Observatory for Human Rights put the death toll at 246, including 111 members of local militias who fought IS militants who swarmed their villages. At least 135 civilians were among the killed, the Observatory said.

Hassan Omar, a government health official in Sweida province, said on Thursday that at least 150 people were wounded in the attacks; some of them were in critical condition.

An activist-operated Facebook page called Sweida News Network said many of the killed were shot in the head. The SNN said the militants sneaked into the villages under the cover of darkness, shooting residents as they slept.

The Observatory also reported bodies found killed inside homes and that the militants had also abducted some residents, their fate unknown.

The rare attacks in Sweida, populated mainly by Syria's minority Druze, came amid a government offensive elsewhere in the country's south. Government forces are battling an IS-linked group near the frontier with Israelioccupied Golan Heights and near the border with Jordan. The group also has a small presence on the eastern edge of Sweida province, and in the desert in the adjacent Homs province.

Since their offensive in June, Syrian President Bashar Assad's forces have retaken territories controlled by the rebels along the Golan Heights frontier and are now fighting militants in the country's southern tip.

IS has been largely defeated in Syria and Iraq, but still has pockets of territory it controls in eastern and southern Syria.

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The Islamic State group posted no death toll for its own men in Wednesday's fighting.

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### German IS Suspect Charged Over Torture, Killing Of Prisoners (AP)

Thursday, July 26, 2018 Associated Press

BERLIN (AP) — A German man has been charged with murder and committing a war crime for allegedly helping torture and kill prisoners as a member of the Islamic State group in Syria, German federal prosecutors said Thursday.

Prosecutors said the charges against the 27-year-old, who is already in prison for a previous conviction, were filed at the Duesseldorf state court earlier this month.

Nils D., whose surname wasn't provided in line with privacy rules, traveled to Syria in October in 2013 and returned to Germany about a year later. He was arrested in January 2015.

The suspect was sentenced in 2016 to 4 1/2 years in prison for membership in a foreign terrorist organization. He now faces a second trial for involvement in torturing prisoners at an IS prison in Manbij. Prosecutors say at least three prisoners died.

Separately, federal prosecutors announced the arrest of a 31-year-old German woman on suspicion of being a member of IS. Sabine Ulrike Sch., whose surname authorities also didn't divulge, was arrested Thursday in the Karlsruhe area.

She is alleged to have traveled to Syria in December 2013 where she married a high-ranking member of IS. The couple, who had at least two children, received \$100 a month from the group, prosecutors said.

The suspect is alleged to have written a blog praising life in IS-controlled areas and declaring herself willing to commit a suicide attack. She also used a messaging service to promote IS.

Her husband was killed in late 2016, and Sch. was detained by Kurdish forces almost a year later along with other wives of IS members. She returned to Germany in April.

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#### **NEAR EAST & NORTH AFRICA**

## How One Minority Group Could Undermine Israel's New Jewish Identity Law (Tarnopolsky, LAT)

Thursday, July 26, 2018 Los Angeles Times By Noga Tarnopolsky

Barely a week after Israeli Prime Minister Benjamin Netanyahu won passage of a controversial measure underscoring his country's Jewish identity, the coalition that helped him pass the legislation by a narrow margin is starting to fray.

The law defines Israel as "the historic homeland of the Jewish people," who have "a singular right to national self-determination within it." It diminishes the status of Arabic, which previously had equal status with Hebrew as one of the country's two official languages but now has an undefined "special status."

The law also asserts that "the state sees the development of Jewish settlement as a national value and will act to encourage and promote its establishment and consolidation."

Although the law was initially applauded by most of Israel's right wing, that began to change when hard-line Education Minister Naftali Bennett said that "the manner in which the nation-state law was enacted was very damaging" to the country's Druze minority.

On Thursday, a group of former military chiefs of staff and commanders of elite army units took a stand against the law, and Finance Minister Moshe Kahlon conceded: "We enacted the nation-state law in a rush. We were wrong and we need to fix it."

Here are some questions and answers about the law and the political fallout it is causing.

Why was the law passed?

The law's advocates say it ratifies Israel's raison d'etre as a Jewish state and as a place of refuge for Jews.

Avi Dichter, the bill's sponsor and chairman of parliament's Foreign Affairs and Defense Committee, explained: "With this law we determined the founding principle of our existence. Israel is the nation state of the Jewish people and respects the rights of all of its citizens."

Justice Minister Ayelet Shaked, another backer, said in a radio interview that the law "just states what we already know: Israel is the state of the Jews."

So why bother?

That's one of the questions being asked by the law's opponents — parties in the center and left of the political sphere who are Netanyahu's political foes. But their concerns go well beyond that. Netanyahu's attorney general cautioned that it could have negative "international repercussions" for the country. His concerns, among others, caused the bill's most contentious language to be dropped.

Ahmad Tibi, a veteran lawmaker representing the largely Arab Joint List party, accused Netanyahu of passing "an apartheid law."

The party's chairman, Ayman Odeh, said that "the state has declared that it does not want us here," adding that it had approved "a law of Jewish supremacy and told us that we will always be second-class citizens."

Many American Jewish organizations decried the law. The American Jewish Committee, among the most influential and mainstream of U.S. Jewish groups, said that it was "deeply disappointed" by the law's passage, and that it "puts at risk the commitment of Israel's founders to build a country that is both Jewish and democratic."

What has changed?

There has been an uprising within the Druze community, which comprises Arabic-language speakers who follow a monotheistic Middle Eastern religion and serve in the Israeli army.

The Druze, a minority within Israel's 20% Arab minority, number about 150,000 out of the nation's population of 8.5

million. They hold important political positions and are renowned for their loyalty for the state.

In the first legal challenge to the law, three Druze members of parliament filed a petition with Israel's Supreme Court on Sunday to strike down the law.

On Wednesday, more than 100 Druze reserve officers of the Israel Defense Forces, including several generals, announced the formation of a forum to fight the law.

"Having built this home together with Jews, the nation-state law excludes the Druze community from that home and leaves us outside," said Brig. Gen. Amal Asad.

Citing the allegiance of Druze soldiers even before the establishment of Israel in 1948, he said that "for some reason the Druze community has been left behind. I've served for this country in the IDF for 26 years, and I have the right to demand for it to be mine exactly as it is yours."

The forum has announced a protest rally to take place next weekend in Tel Aviv's Rabin Square.

The anger is not limited to military figures. Rafik Halabi, a news anchor-turned-mayor of Daliyat al Karmel, a Druze city in northern Israel, said the matter is existential. "This is the struggle for Israeliness. I am in favor of a state of Israel that treats equally each of its citizens. This is a discriminatory, harmful law that needs to be canceled."

How are Israelis reacting to their demands?

The strains in Netanyahu's coalition are showing. In recent years, the prime minister's right-wing Likud party, like the Republican Party in the United States, has been splintered by a tea party-like base that has pulled it significantly to the right and championed the nation-state law. But some within the coalition disagree with the law. Moshe Arens, a former defense and foreign minister and a Likud member, wrote that he hoped "the judges of the Supreme Court will acknowledge the injustice that the Jewish nation-state law has committed against Israel's Druze."

He added, however, that parliament — known as the Knesset — should admit it erred in passing the law. "It is the Knesset that has made the mistake and it is the Knesset that has to rectify it," he said.

Einat Wilf, a centrist former legislator, said the government failed to explain why, "despite no clear need," it rushed to pass the bill at 3 a.m. on the last day before the summer recess, "while suspiciously denying repeated requests from opposition to include clear civic equality provisions."

What now?

At the end of an emergency meeting Thursday that included four senior ministers and two Druze coalition lawmakers,

Netanyahu declared that "the law will not be changed," but that he will "formulate a plan that expresses Israel's deep commitment to the Druze public."

This did not mollify the Knesset members who filed the Supreme Court appeal, who said it would not be withdrawn "until the injustice has been rectified."

Netanyahu scheduled another meeting Friday with Druze dignitaries, including the spiritual leader of the Israeli Druze, Sheik Muwafaq Tarif, and an upcoming round of calls to Druze army officers.

Meeting opposition leader Tzipi Livni on Thursday, Tarif said that Israel's Declaration of Independence, which guarantees equality for all citizens and has a quasi-constitutional status, "is the solution for everyone."

"We are proud of the state and we die on its behalf," Tarif said, referring to the hundreds of Druze who have died in battle. "Everybody is asking why this happened to us."

Tarnopolsky is a special correspondent.

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#### Army: Palestinian Stabs 3 Israelis In West Bank Home (AP)

Thursday, July 26, 2018 Associated Press

JERUSALEM (AP) — Israel's military says a Palestinian has wounded three Israelis in an attack in a settlement near Jerusalem.

The military said in a statement that "a terrorist carried out a stabbing attack" in the Israeli settlement of Adam in the West Bank on Thursday night and was later "neutralized." Some Israeli media said the attacker was armed with an ax and infiltrated a home and attacked three men.

Reports said one victim was wounded in the neck and the others in their upper body. They were evacuated to a hospital, where one victim was in critical condition.

A community official told Israeli media that residents heard the commotion and shot the attacker.

Over the last two years, Israelis faced a wave of Palestinian attacks, mostly stabbings, though the number has waned in recent months.

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#### Knife Attack Kills One Israeli, Wounds Two Others In West Bank (AFP)

#### Thursday, July 26, 2018 AFP

Adam (Palestinian Territories) (AFP) – A knife attack by a Palestinian in a West Bank settlement on Thursday killed one Israeli and wounded two others, while the assailant was shot dead, authorities said.

The 17-year-old attacker entered the Adam settlement near Ramallah in the occupied West Bank on Thursday evening, Israeli army spokesman Jonathan Conricus said.

"A terrorist infiltrated into (the Adam settlement) and stabbed three civilians," the army said in a statement.

"The terrorist was shot and killed," it added.

One of the wounded, a 31-year-old, later died from his injuries after having arrived at hospital in critical condition, the hospital treating him announced.

A 58-year-old victim was said to be seriously wounded but stable. The third victim, who also shot the Palestinian, was slightly wounded in the leg.

Conricus said the attacker, from the Palestinian village of Kobar, had been shot by a civilian who was passing at the time and witnessed the incident.

The Palestinian managed to jump the fence of the settlement and stab two passersby, Israeli media reported.

Lone Palestinian attackers have carried out multiple deadly stabbings and car-rammings against Israelis in recent years.

The last stabbing attack in a West Bank settlement was in April 2018, when a Palestinian tried to stab an Israeli with a screwdriver near a petrol station in an industrial area connected to the Maale Adumim settlement east of Jerusalem.

#### Gaza tensions –

Thursday's attack comes amid recurrent violence between the Israeli army and Palestinian groups in the besieged Gaza Strip, but the West Bank has remained relatively calm.

Earlier in the day, Palestinian Islamist movement Hamas, which rules Gaza, promised revenge after Israeli strikes on the coastal enclave killed three of its members.

Israel said the artillery fire late Wednesday was in retaliation for shots fired at troops along the border that injured one soldier.

"The enemy shall pay a high price in blood for the crime which it commits daily against the rights of our people and our fighters," said the al-Qassam Brigades, the armed wing of Hamas.

The flare-up came five days after the United Nations and Egypt brokered a deal to halt a July 20 surge in violence that claimed the lives of four Palestinians and an Israeli soldier – the first killed in the area since the last war in Gaza in 2014.

On Tuesday, Israel partially reopened its only goods crossing with the Gaza Strip, after a two-week closure prompted by border tensions and incendiary kites had sparked fears of a severe fuel shortage in the blockaded Palestinian enclave.

Tensions along the Gaza border increased in late March when Palestinians launched a mass protest movement.

At least 149 Palestinians have been killed in Gaza by Israeli fire since March 30.

Israel says its blockade is necessary to keep Hamas from obtaining weapons or materials that could be used for military purposes.

But UN officials and rights groups have repeatedly called for the blockade to be lifted, citing worsening humanitarian conditions in the enclave, home to two million people.

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### Some Syrian Refugees Oppose Russian Repatriation Push (AP)

Thursday, July 26, 2018 Associated Press

AMMAN, Jordan (AP) — Even as Russia pushes to repatriate Syrians who fled their country amid civil war, many of the refugees in Jordan said Thursday they will not return before the war has ended and their safety is assured.

Some Syrians interviewed in Amman also said they don't trust Russia as a mediator because it helped President Bashar Assad retake large swaths of territory from fighters who revolted against him.

"As a free, honest Syrian citizen, I consider Russia as a state occupying Syria," said Abdel-Nasser Abu Naboot, 40, who was at the U.N.'s refugee agency office to update his personal information with dozens of other Syrians. "Russia is not a negotiator ... it bombed us, children and charities."

His comments echoed that of many Syrians in Jordan and Lebanon concerned about a Russian initiative to return refugees to homes back in Syria without security assurances. The U.N. has also expressed concern about a premature return before the situation in Syria stabilizes and without guarantees for returning refugees.

Russia's special presidential envoy for Syria, Alexander Lavrentiev, acknowledged the concerns in comments to reporters in the Lebanese capital after meeting officials in Beirut and Amman on Thursday.

"There are a lot of issues dealing with this problem. It's a lack of confidence, a lack of trust, just a lack of financial assistance. But these questions can be solved," he said, adding that the Syrian government is willing to guarantee there will be no repression or measures against those who really want to return to civil life.

He said it was a "good sign" that hundreds of refugees in Lebanon were starting to return to Syria, describing it as "just the beginning."

"You know its just like a snowball which comes from the mountain, with every passing meter it becomes bigger and bigger," he said, speaking in English.

Many Syrians who fled war and repression are unwilling to return under Assad's rule without guarantees they won't be harassed, detained or imprisoned.

To return to his home in southern province of Daraa, Abu Naboot says he wants the goals of the Syrian "revolution," which began in 2011, to be achieved, including ending "oppression." He insisted that he "will not go to pre-2011 Syria."

Eager to show a normalizing situation in Syria, Russia has stepped up efforts to encourage regional host countries, including Jordan, Lebanon and Turkey, to facilitate the return of Syrian refugees. The move is seen as an attempt to assert Russia's successes in helping Assad retake most of the country from rebels after seven years of unrest.

The Russian initiative was proposed following the summit in Helsinki between U.S. President Donald Trump and Russian President Vladimir Putin, although it was not clear whether the U.S. supported the proposal.

Lavrentiev discussed the repatriation plans in Amman with Jordanian Foreign Minister Ayman Safadi.

"Jordan encourages the voluntarily return of Syrians to their homeland," Safadi said in a statement after the meeting, stressing the need to provide "security, political, social and economic grounds" to urge the Syrians to go back by themselves.

Lavrentiev later met with the Lebanese president and prime minister in Lebanon, where he said the refugee presence is a burden in many countries and it's time they returned home. He did not offer concrete proposals on how the repatriation would take place. Lebanon is home to about a million registered refugees and the cash-strapped government says it can no longer afford to host them. The Lebanese foreign minister has accused the U.N. refugee agency of discouraging refugees from returning, an accusation it rejects.

Jordan hosts 667,000 registered Syrian refugees, but the kingdom says the real number, including those

undocumented, is almost double. Poor in natural resources and with a faltering economy, Amman says the refugees add an extra burden.

Ibrahim al-Khalaf, 31, a Syrian refugee from the northeast Syria governorate of al-Hasakah, says he doesn't feel it is safe to return.

"There is nothing clear, no protection program for the Syrians in Syria," he said as he waited with his wife and three children at the refugee agency's office to register a newborn. "I don't want to be separated from my family if I go back because of the military service."

Mohammad Hawari, a spokesman for the U.N.'s refugee agency, said his organization, while welcoming an end to the Syrian crisis, has a long list of conditions before encouraging refugees to return. UNHCR has insisted it will not allow Syrians to be forcibly returned.

"Before the high commissioner for refugees will facilitate the process of return, there are at least 21 conditions that must be made available, including safety and stability, exemption from conscription, and other things," he told The Associated Press.

Karam contributed reporting from Beirut.

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# Death Notices For Syrian Prisoners Are Suddenly Piling Up. It's A Sign Assad Has Won The War. (Loveluck, Zakaria, WP)

Wednesday, July 25, 2018

<u>Washington Post</u>

By Louisa Loveluck And Zakaria Zakaria

BEIRUT — The Syrian government has begun issuing death notices for political detainees at an unprecedented rate, according to groups that monitor the prisons, in an effort to resolve the fate of thousands of missing Syrians as the regime prevails in its civil war.

Since the spring, government registry offices have released hundreds of these notifications. Many of the notices report that prisoners have been dead since the early years of the conflict.

While officials have not publicly explained the increase, it could offer a rare window into the mind-set of Syrian leaders, who are notoriously hard to read, at a pivotal point in the war.

Human rights experts and other observers believe the disclosures reflect the growing confidence of President Bashar al-Assad's government as his forces overrun final pockets of rebel-held territory. Authorities no longer fear they will provoke fiercer resistance by revealing the multitude of deaths in regime custody, experts say.

They also suggest that Assad now feels secure enough that he is starting to close the book on the seven-year war, with the death notices signaling to Syrians that it is time to move on while underscoring in grim fashion that he is firmly in control.

The message is that "the war never happened, the regime is back in charge, and everything will be processed through the system," said Faysal Itani, a resident senior fellow with the Atlantic Council's Rafik Hariri Center for the Middle East. "I think the word that encapsulates this best is normalization — the Syrian version of it, at any rate."

The Syrian military, backed by Russian and Iran, has made dramatic gains in recent months, clearing some of the most stubborn pockets of opposition resistance and raising the national flag earlier this month above the southern town known as the uprising's birthplace. Aside from a couple of isolated rebel positions, only a single province remains in the hands of the resistance.

Since Syria's uprising began in 2011, more than 104,000 people have been detained or forcibly disappeared, according to the Syrian Network for Human Rights. As many as 90 percent are believed to have been held in government custody, across a network of prisons where torture, starvation and other forms of lethal neglect are systematically used to kill. The remaining 10 percent are thought to be held by rebel and other armed groups.

Lawyers familiar with the process said the Syrian Defense Ministry has sent the names of hundreds of detainees to civil registry offices across the country in recent months and instructed that these prisoners be registered as dead. The deaths have been registered across the provinces of Damascus, Homs, Hama and Latakia in recent weeks.

The civil registry offices issue notices that are essentially executive summaries listing few details about the deceased. Other death notices are issued by military hospitals, which release formal certificates and medical reports. These routinely list the cause of death as heart attack or stroke.

Sema Nassar, founder of Urnammu for Justice and Human Rights, which monitors Syrian prisons, said the group had documented more death notifications in recent months than in all previous years combined. The group's staff has identified more than 300 cases in which families received death notices during a 10-day period earlier this month, including 96 at a

government office in the Damascus suburb of Darayya, where Syria's nonviolent protest movement began.

Separately, the Syrian Network for Human Rights said earlier this month it had documented 161 death notices nationwide since May, a figure it said is probably very conservative.

"Things are going better now for the regime. As the security emergency eases and the regime reconsolidates, the priority is to bring back some normalcy — some predictability and clarity — to people's lives," Itani said. ". . . The bureaucracy has to operate — I wouldn't underestimate how important that is."

Most documents reviewed by The Washington Post said the detainees had died between 2013 and 2015, with a lag of up to two years before military doctors signed and stamped an official certificate and medical report. Bodies have not been returned to family members, and burial locations are not shared.

Death notices issued in the central city of Hama state they were written in a Damascus military court at night. That timing suggests the prisoners were executed, according to groups monitoring Syria's detention network.

Former prisoners, some released from Sednaya military prison near Damascus as recently as May, described regular executions, physical abuse, the withholding of urgent medical care and rations so paltry that fellow cellmates died of starvation or malnutrition.

Accurate figures for the total number who have died in government custody are hard to come by, because of government secrecy and the reticence of many Syrians to publicize their family members' cases.

As part of a U.N.-sponsored peace process, officials from Turkey and, to a lesser extent, Russia, a key Assad ally, have been pressing the Syrian government to resolve the issue of missing political prisoners, according to opposition representatives at the talks and a Western diplomat.

"They want to close the detainees file, and the first stage is to tell all those families that their relatives have been dead a long time," said Nassar, of Urnammu. "In practice, this means dealing a hammer blow. People are learning that they held onto false hope for years."

Hassan, a software engineer from the central city of Homs, said his brother Bashir was arrested in the summer of 2014 as he walked to class. Friends later said plainclothes officers pulled him into a vehicle, and then he vanished.

"We knocked on every door. Sometimes there were rumors — someone has heard that he was in this prison or that prison. But there was nothing concrete," said Hassan, who asked that his family name be withheld for fear of reprisal.

"The only thing we knew for sure is that he was out there somewhere and in pain."

After a former detainee said he had seen Bashir in Sednaya prison, more than 100 miles away, Bashir's elderly mother began making monthly visits, leaving clothes and money at the gates for guards who assured her he would receive them.

She was folding fresh sweaters for her next trip one day in April when the phone rang with news that his death certificate was ready for collection. It reported that he had died of a heart attack.

"We found my mother sitting in between his clothes, just sobbing. She couldn't even stand," said Hassan. "We'd all had different feelings about whether he was dead, but she had always held the line. She used to tell us that we had to hope because hope was all we had."

Noura Ghazi, a lawyer whose husband, Bassel — a prominent pro-democracy activist — was executed in Syrian custody in 2015, said families of the deceased had the "right to know" the truth about how they perished.

"As families, we demand to know the causes of death of our loved ones and where they are buried. We will not accept the regime's cover for its brutal treatment of our loved ones by presenting fake causes," she said.

But others, fearing government retribution, said they would be grieving in silence. "Our son was the most precious thing in the world, and we lost him," said one woman, who spoke on the condition of anonymity. "The regime is back, and we're back to square one. If I speak out today, will I lose my husband tomorrow? Will they take me instead?"

"I used to think of my boy every night as I went to bed, imagining what he was doing, hoping he was fine," she added. "He was in a grave all that time."

Zakaria reported from Istanbul.

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#### Hundreds Died In Syrian Custody, Government Acknowledges (Hubbard, Shoumali, NYT)

Friday, July 27, 2018

**New York Times** 

By Ben Hubbard And Karam Shoumali

BEIRUT, Lebanon — Seven years ago, Islam Dabbas, an engineering student, was thrown in prison for protesting against the Syrian government. His mother visited him twice, paying bribes to do so, but then the permissions stopped. She heard nothing of her son's fate ever since.

Until last week, when a relative filed for a government registration document and was shocked to see that it gave Mr. Dabbas's date of death: Jan. 15, 2013.

"The news of his death devastated us, and we wish we had known then," said his sister, Heba, who lives in exile in Egypt. "Since his arrest, we have lived days of hope and days of despair as uncertainty consumed our minds."

In recent weeks, hundreds of Syrian families have suddenly learned that their missing relatives have been registered as dead by the government. Government officials have not commented publicly on the new information, said how many people it applied to, or explained how they died.

But the documents appear to be the first public acknowledgment by the government that hundreds if not thousands of prisoners died in state custody. Analysts believe the quiet changes in status show that President Bashar al-Assad is confident enough of winning the war and remaining in power that he can make that admission without fear of repercussion, prodding the families of the missing to confirm their worst fears and begin to piece their lives back together.

"The regime is closing one chapter and starting a new one," said Emile Hokayem, a Middle East analyst at the International Institute for Strategic Studies. "It is telling the rebels and the activists that this chapter is gone, that whatever hope in some surviving revolutionary spirit has been crushed."

In some towns, the government has posted names of the deceased so their relatives can get death certificates. In other cases, families have obtained documents that attest to their relatives' deaths. In some cases, security officers have informed families personally.

Many of the documents show that the deaths occurred years ago, in the early part of the uprising against Mr. Assad that evolved into a brutal civil war.

Since the conflict began seven years ago, tens of thousands of people have disappeared into government jails where torture and mistreatment, sometimes causing death, are rife, human rights groups say. The prisoners included rebels as well as political protesters, and their families were often left struggling to get information.

Rights groups see the new death notices as a tacit admission that many detainees died or were killed in government jails.

Mr. Assad has largely routed the rebels who sought to oust him and restored his control over much of the country. His government and its Russian and Iranian backers have tried to portray the war as nearing its end, and letting families know that their missing relatives are dead may also be a way of trying to get the country to move on. A missing head of household leaves a Syrian family in bureaucratic limbo. Without his death certificate, for example, his widow cannot remarry and his offspring cannot sell property or handle inheritance issues.

But while acknowledging deaths may facilitate such transactions, many doubt that families will accept the news so easily if they hold the government responsible for their loved ones' deaths.

"It is difficult to move on when the people who are responsible for these mass disappearances are still there," said Sara Kayyali, a Syria researcher for Human Rights Watch. "You are looking the perpetrator in the face, and it is not something you can ignore for a very long time."

The documents offer no details about the deaths except a date. Many families still want to know how their loved ones died and where their bodies are.

Two brothers, Yahya and Muhammad Shurbaji, were arrested within a day of each other in September 2011, according to Muhammad's son, Obaida. But as the uprising evolved into war and their relatives fled elsewhere in Syria or abroad, they lost track of where the brothers were being held.

This month, relatives in Damascus, hearing that dates of death were starting to appear on registration papers for the missing, requested the documents for the brothers. They found that Yahya had died in January 2013 and Muhammad in December of the same year. No cause of death was given, and the family has no idea where their bodies are.

"The shock is indescribable," said Bayan, the men's sister, who lives in Leeds, England. "How cruel is it to kill people and deprive their families of seeing them for one last time, to deny the victims from saying goodbye to their families?"

It remains unclear how many detainees have been recently registered as dead. Many families in Syria are reluctant to discuss their cases for fear of retribution by the government.

The Syrian Network for Human Rights, an exile monitoring group that opposes the government, has confirmed 312 recent cases, said its director, Fadel Abdul Ghany.

That is a fraction of the more than 80,000 government detainees his group says it has confirmed, so he expects more names will come out over time.

He surmised that the information is coming out now because the government feels secure enough to let those who stood against it know that their relatives are dead, he said.

"The regime wants to say that you have to accept me as I am," Mr. Abdul Ghany said. "I have won, and you can't do anything about it."

The lack of information has left many families confused and wondering whether the documents are accurate.

Niraz Saied, a photographer who lived in a Palestinian refugee camp in Damascus and won an award from the United Nations in 2014 for his work documenting life there, has been missing since 2015.

As the war progressed, extremists gained power in the refugee camp where he lived and the government besieged it, spreading hunger among its residents.

In 2015, Mr. Saied paid a smuggler to get him out, but was arrested by the government before he could leave, his wife, Lamis AlKhateeb, said by phone this week from Germany.

His mother managed to visit him once the following year and found him skinny and weak, Ms. AlKhateeb said. That was the last time the family saw him.

This month, a security officer who knows the family told them that Mr. Saied was dead, but the family has yet to obtain a death certificate. If the notice was intended to help her, Ms. Alkhateeb took little solace.

"There is nothing harder than writing these words, but Niraz will not die in silence," she wrote on Facebook. "They killed my love, my husband."

Ben Hubbard reported from Beirut, and Karam Shoumali from Berlin. Hwaida Saad contributed reporting from Beirut.

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### Syria's Assad Says Next Priority Is Retaking Idlib: Russian Media (AFP)

Thursday, July 26, 2018 AFP

Moscow (AFP) – Syrian President Bashar al-Assad told Russian media on Thursday his regime's next priority would be retaking Idlib province, currently dominated by rebels and iihadists.

"Now Idlib is our goal, but not just Idlib," Assad said of the northwestern province, in comments carried on Russian newswires.

"There are of course territories in the eastern part of Syria that are controlled by various groups... So we will be moving into all these regions," Assad added.

"The military – and it is at their discretion – will decide priorities and Idlib is one of these priorities," he said.

"Now we have liberated Ghouta, we will finish the liberation of the south-western part of Syria," Assad said. Syrian government forces launched an offensive last month backed by Russian planes to retake the south of Syria, including Daraa and Quneitra provinces.

Russia, Turkey and Iran have held talks under the Astana peace process launched last year and agreed to create four "de-escalation" zones to pave the way for a nationwide ceasefire.

Idlib is part of one such zone. It borders Turkey to the northwest but is otherwise almost totally surrounded by regime territory, prompting fears the government would eventually attack it.

Idlib has received many rebels and their families evacuated from other regions under Russian-brokered "reconciliation deals" that then saw regime forces move in to take rebel-held areas.

According to the United Nations, Idlib's population today stands at 2.5 million – half of them displaced people.

In the same interview Assad said rescue workers from the White Helmets group would be killed if they did not turn themselves in.

"Either they can lay down their arms as part of an amnesty ongoing for four or five years, or they will be liquidated like any other terrorist," he said.

Israel on Sunday helped more than 400 people – opposition-linked White Helmets rescuers and their families – flee a pocket of southwest Syria as government forces bore down on them. But hundreds more remain trapped in the south, fearing reprisals from approaching regime troops. Damascus accuses the White Helmets of being a front for jihadists.

Assad also appealed for Syrian refugees, especially those who had their own businesses in the country, to return.

The war has killed more than 350,000 people since it began in 2011 with a brutal government crackdown on protesters.

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#### Amid Trump Threats, Senior Iran General Says His Forces 'Ready To Confront' U.S. (Hjelmgaard, Jackson, USAT)

Thursday, July 26, 2018

**USA Today** 

By Kim Hjelmgaard And David Jackson

A senior Iranian general said Thursday that his forces are "ready to confront" the United States if President Donald Trump follows through on his warning that Iran will "suffer consequences" from threatening the U.S.

Gen. Qassem Soleimani, who heads the elite Quds Force of Iran's hard-line paramilitary Revolutionary Guard, called

Trump a "gambler" and said: "You will start the war but we will end it." His comments were carried by the state-affiliated yjc.ir website and the semi-official Tasnim news agency following a speech in Iran's central city of Hamedan.

Trump ratcheted up tensions with Iran late Sunday night with a stark tweet written in all capital letters. "NEVER EVER THREATEN THE UNITED STATES AGAIN OR YOU WILL SUFFER CONSEQUENCES THE LIKE OF WHICH FEW THROUGHOUT HISTORY HAVE EVER SUFFERED BEFORE," Trump wrote.

Trump was responding to Iranian President Hassan Rouhani, who had said earlier that day that "American(s) must understand well that peace with Iran is the mother of all peace and war with Iran is the mother of all wars."

Rouhani had cautioned Trump to stop "playing with the lion's tail or else you will regret it." His comments came as Washington prepares to reimpose economic sanctions on Iran on August 6 after its withdrawal from the 2015 nuclear accord.

Thursday's reaction from Soleimani comes after Rouhani said Wednesday that there was no need for him to "respond to any nonsensical" remarks from Trump.

Soleimani said it was his duty as a soldier to reply to Trump's rhetoric. "We are near you, where you can't even imagine. We are ready," Soleimani said in his speech.

Since taking office, Trump has developed a reputation for firing off heated tweets that seem to escalate disputes with world leaders at odds with the U.S. However, following Sunday's warning, Trump suggested talks were an option.

"We're ready to make a real deal," he said.

In the wake of Trump's comments on Iran, foreign policy analysts said they were not sure if the president was deliberately seeking a confrontation with Iran or just trying to change the subject politically following fallout from last week's meeting with Russian President Vladimir Putin. Trump was widely criticized at home and abroad for failing to stand up to Russia's leader over allegation of his country's meddling in the U.S. election.

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### Iranian General Locks Horns With Trump, Escalating Threat-Filled Feud (Gladstone, NYT)

Friday, July 27, 2018 New York Times

**By Rick Gladstone** 

A powerful commander in Iran's Revolutionary Guards Corps escalated the invective duel with President Trump on Thursday, calling his threat against Iran's president "cabaret-

style rhetoric" in remarks that political analysts called worrisome.

The commander, Maj. Gen. Qassim Suleimani, who wields enormous influence in Iran, may emerge as its future leader and is considered a terrorist mastermind by the United States. He said that Mr. Trump should pick a fight directly with him and not Iran's president, Hassan Rouhani.

In a Twitter message on Sunday posted in all-capital letters, Mr. Trump warned Mr. Rouhani that he would suffer "consequences the likes of which few throughout history have ever suffered before" if he threatened the United States.

Top aides to Mr. Rouhani dismissed Mr. Trump's warning, apparently viewing it as an attempt by the American president to replicate his strategy of threats against another adversary, North Korea.

But General Suleimani's public challenge to Mr. Trump appeared to signal that the Iranian hierarchy felt obliged to send a more assertive reply.

"It is beneath the dignity of our president to respond to you," General Suleimani said in a speech in western Iran reported by state-run media. "I, as a soldier, respond to you."

Directly addressing Mr. Trump, General Suleimani said: "You threaten us with an action that is 'unprecedented' in the world. This is cabaret-style rhetoric. Only a cabaret owner talks to the world this way."

Deriding what he described as the history of American military failures in Afghanistan, Iraq and elsewhere in the region, General Suleimani said Mr. Trump was in no position to issue threats to Iran.

"We are near you, where you can't even imagine," he said. "We are ready. We are the man of this arena."

While the possibility of a war between Iran and the United States is considered extremely low, political analysts worry that escalating threats could lead to something more serious.

General Suleimani's words and actions are closely scrutinized because he is regarded as one of Iran's most cunning and autonomous military figures, in charge of its intelligence gathering and covert military operations.

"His fire-breathing retort to Trump is important and worrisome," said Cliff Kupchan, chairman of the Eurasia Group, a political risk consultancy in Washington.

"Suleimani is directly mocking the U.S. president, and he lambastes U.S. policy," Mr. Kupchan said. "Suleimani is telling Trump to watch his words, reminding him that Iran has both power across the Middle East and potent capability for asymmetric warfare. That's an implicit threat against U.S. assets in the Middle East."

A once-shadowy figure who now enjoys celebritylike status among the hard-line conservatives in Iran, General Suleimani leads the Islamic Revolutionary Guards Corps' Quds Force, a special forces unit responsible for Iranian operations outside Iran's borders. Quds is the Persian word for Jerusalem.

The general is known to have the personal backing of Iran's supreme leader, Ayatollah Ali Khamenei, and is believed to be the chief strategist behind Iran's military ventures and influence in Syria, Iraq and elsewhere in the region and beyond.

The United States has regarded General Suleimani as a vexing foe for many years. It accused him of plotting attacks on American soldiers in Iraq after the 2003 American-led invasion that toppled Saddam Hussein.

The Treasury Department placed him on a sanctions blacklist in 2011, accusing the commander of complicity in what American officials called a plot to kill the Saudi ambassador to Washington.

But the United States also has found itself in the awkward position of cooperating with General Suleimani in Iraq, where the Americans and Iranians have both worked to reverse gains made by the Islamic State.

He was in the northern Iraqi city of Tikrit in 2015, commanding Iraqi Shiite militias attempting to recapture it from Islamic State fighters before American warplanes belatedly joined that campaign.

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# After Trump's Threat To Iran, White House Convenes A Policy Meeting (Gordon, Youssef, Nicholas, WSJ)

High-level gathering is just the third called by John Bolton since he became national security adviser Thursday, July 26, 2018

**Wall Street Journal** 

By Michael R. Gordon, Nancy A. Youssef And Peter Nicholas

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Top Iranian General Warns Trump That War Would Unravel U.S. Power In Region (Cunningham, Fahim, WP)

Thursday, July 26, 2018

Washington Post

By Erin Cunningham And Kareem Fahim

ISTANBUL — The powerful commander of Iran's special forces warned the United States on Thursday to halt threats of military action against Tehran, raising the stakes in an already fiery exchange between U.S. and Iranian leaders this week.

The combative message from Maj. Gen. Qasem Soleimani, chief of the Revolutionary Guard's elite Quds force, also suggested that Iran's leadership is willing to stoke tensions with the Trump administration as part of Tehran's efforts to project wider regional clout.

Soleimani said President Trump would regret waging a war that would "destroy all that he owns" — an apparent reference to U.S. influence in the region.

"You may begin the war, but it will be us who will end it," Soleimani said in a speech in the central city of Hamedan, Iran's Tasnim News Agency reported.

He also said that the Red Sea, a critical waterway linking the Suez Canal and the Indian Ocean basin, was "no longer secure" with U.S. military assets stationed in the area.

Iran has often denounced the U.S. military presence in the Persian Gulf, including the Navy's 5th Fleet headquarters in Bahrain. But Soleimani's reference to the Red Sea reflects an expanded regional reach for what Iran considers within its military sphere.

Soleimani — a shadowy commander who has waged proxy wars in Iraq and Syria, including against U.S. troops — stopped short of issuing concrete threats against U.S. forces.

But his remarks came just one day after Saudi Arabia announced it was suspending oil shipments in the Bab al-Mandeb Strait, which connects the Gulf of Aden to the Red Sea, because of what authorities said was a missile attack on two Saudi oil tankers by Iranian-allied rebels in Yemen.

The rebels claimed the attack on the Saudi oil tankers in the strait, but said the movement had targeted a Saudi warship called the Dammam, according to an article on the website of the rebel-run al-Masirah news channel.

The war in Yemen has been a theater for spiking tensions between Iran and the United States. The Trump administration and its ally Saudi Arabia have accused Iran of providing weapons, including ballistic missiles, and other support to the Houthis, a rebel group that seized control of Yemen's capital four years ago.

But the hostile words from one of Iran's most influential generals suggest heightened tensions and come amid a particularly sharp escalation in rhetoric on both sides.

This week, Trump and Iranian President Hassan Rouhani traded barbs that culminated in Trump firing off a

tweetthreatening Iran with "CONSEQUENCES THE LIKES OF WHICH FEW THROUGHOUT HISTORY HAVE EVER SUFFERED BEFORE."

The Iranian commander "knows he has a range of indirect options to needle U.S. interests across the region," Tobias Schneider, a Middle East analyst at the Berlin-based Global Public Policy Institute, wrote Thursday on Twitter.

Soleimani's options, he said, include threatening U.S. forces in Iraq and Syria, stepping up missile attacks on Saudi cities and disrupting regional shipping lanes.

Iranian military officials have suggested recently that they could block the Strait of Hormuz, a choke point for a third of the world's oil shipments, should U.S. sanctions prevent Iran from exporting its own oil.

Iran-backed Houthi rebels in Yemen have also previously threatened to block the Bab al-Mandeb Strait in retaliation for Saudi-led military offensives.

One of the ships "sustained minimal damage," Aramco, the Saudi Arabian Oil Company, said in a statement.

The Saudi Energy Ministry said Thursday that the country was temporarily halting the shipments "until the situation becomes clearer" and maritime transit "is safe," according to a statement from the Saudi-led military coalition operating in Yemen.

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### Top Iranian General Says His Troops 'Ready To Confront' US (AP)

Thursday, July 26, 2018 Associated Press

TEHRAN, Iran (AP) — A top Iranian general says his forces are ready if President Donald Trump follows through on his warning that Iran will "suffer consequences" if Tehran threatens the United States.

Iranian President Hassan Rouhani said Wednesday there was no need for him to "respond to any nonsensical comment" but Gen. Qassem Soleimani, who heads the elite Quds Force of Iran's hard-line paramilitary Revolutionary Guard said on Thursday it was his duty as a soldier to reply.

He was quoted by news website yjc.ir, affiliated with state-run television, as saying "we are ready to confront you."

Soleimani called Trump a "gambler" and says: "You will start the war but we will end it."

Following Sunday's warning tweet, Trump suggested Tuesday talks were an option, saying "we're ready to make a real deal."

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### Senators Warn Europe Against Flouting US Iran Sanctions (Lee, AP)

Thursday, July 26, 2018 Associated Press By Matthew Lee

WASHINGTON (AP) — A group of Republican senators on Thursday warned European nations not to try to flout U.S. sanctions on Iran that will soon be re-imposed after President Donald Trump withdrew from a landmark nuclear accord.

The 10 senators, all of whom opposed the 2015 agreement, said in a letter to the ambassadors of Britain, France and Germany that they would be "particularly troubled" by any efforts to evade or undermine the sanctions. They said attempts to do so could be met by congressional action. A first set of U.S. sanctions lifted by the Obama administration under the terms of the nuclear deal is to be restored on Aug. 4. A second set will be re-imposed on Nov. 4.

The senators, including outspoken Iran deal critics Ted Cruz of Texas, Marco Rubio of Florida and Tom Cotton of Arkansas, noted that the sanctions are matters of U.S. law and had been eased only because the previous administration had approved of the deal, which Trump pulled out of in May.

"We write to urge you to comply with all American sanctions but also to emphasize we would find it particularly troubling if you sought to evade or undermine American statutes," the senators wrote. "These laws were passed by Congress, signed by President Obama and will be enforced by President Trump."

"Any attempt to evade or subvert them could well prompt congressional action, in coordination with other elements of the U.S. government, to ensure their integrity," they said.

Britain, France and Germany — along with China, Russia, the European Union and Iran itself — were the other parties to the nuclear deal that was one of former President Barack Obama's signature foreign policy achievements. Trump campaigned against the agreement, which he has called the worst deal ever negotiated by the United States, and followed through on that pledge to the anger of the other parties who remain in it.

Some European officials, who believe the deal is vital for the security of the continent, have suggested trying to work around the re-imposed U.S. sanctions to preserve the deal. Those sanctions would penalize foreign governments or

firms, including financial institutions, that do business with Iran.

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#### Dubai Police Recover Rare \$20 Million Stolen Blue Diamond (AP)

Thursday, July 26, 2018 Associated Press

DUBAI, United Arab Emirates (AP) — Dubai police say they've recovered a rare \$20 million blue diamond that was stolen from a city company's vault and smuggled to Sri Lanka inside a pair of sneakers in a shoebox.

Police said Thursday a guard with the money transfer company secreted the diamond out of the vault on May 25 and passed it off to a relative who smuggled it out of the country.

After more than 100 interviews and the review of thousands of hours of CCTV footage — some showing the theft in progress — police say they were able to pinpoint the suspect.

Police say he was arrested elsewhere in the country but gave no other details.

It was not immediately clear how the diamond was recovered from Sri Lanka.

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# U.S. Allies Have Killed Thousands Of Yemeni Civilians From The Air. After 22 Died At A Wedding, One Village Asks, 'Why Us?' (Raghavan, WP)

Wednesday, July 25, 2018 Washington Post

By Sudarsan Raghavan

The ground where the wedding tent once stood was covered with children's slippers, broken musical instruments, pieces of festive clothing and other detritus of destroyed lives. Teeth, still attached to the jawbone, lay near some tattered decorations.

"There is even some flesh left," said Elan Yahya, the bride's father, pointing at blackened shards hanging from a tree branch.

An airstrike hit the wedding in this remote mountain village on April 23, killing 22 civilians, including eight children, and injuring dozens, according to interviews with 17 villagers in late May. More than three years into Yemen's civil war, more than 16,000 civilians have been killed and injured, the vast majority by airstrikes, the U.N. human rights office estimates, adding that the figures are likely to be far higher.

The deaths are continuing unabated, with as many as hundreds of casualties per month, despite assurances by a U.S.-backed regional coalition of better protection of civilians amid mounting criticism within the United States and the international community.

Body parts are seen on the site of the explosion. (Lorenzo Tugnoli/for The Washington Post)

That coalition, led by Saudi Arabia and the United Arab Emirates, is backing Yemen's exiled government in its conflict against rebels known as the Houthis, who dominate the capital and the north. The United States is playing an essential role in the war, supporting the coalition with intelligence, refueling, technical assistance and billions of dollars in bombs and other weaponry.

The coalition is the only actor in the conflict that uses warplanes, mostly U.S.- and British-made fighter jets. The airstrikes have struck hospitals, schools, markets, motels, migrant boats, gas stations, even funeral gatherings, raising questions about the coalition's ability to abide by humanitarian laws that call for civilians to be safeguarded.

A month after the airstrike in Raqah, the destruction on the ground remained eerily preserved. The lives of the survivors, however, had been forever altered.

"We lost our minds that day," said Amna Yahya, the groom's mother. "I still can't comprehend what happened. Why us?"

U.S.-made munitions

The growing civilian casualties across Yemen have led to widespread denouncement of the U.S. role and calls in Congress to halt or regulate U.S. weapons sales to Saudi Arabia, a close U.S. ally in the Middle East. Despite the concern, President Trump announced \$110 billion in new arms sales last year to the kingdom, weapons that most analysts expect will be used in Yemen.

In the hours following the airstrike in Raqah, local media published photos, provided by the Houthis, showing the bomb was a GBU-12 Paveway II precision-guided bomb, manufactured by Raytheon, the Massachusetts-based defense contractor, according to Bellingcat, an investigative website. The Washington Post could not independently verify whether the bomb was used in the attack.

But visits to other bombed sites by Amnesty International and Human Rights Watch confirm that U.S.-made munitions, including banned cluster bombs and Paveway bombs, have been used in attacks that have killed and injured civilians. The Post saw remnants of U.S.-made bombs in the capital, Sanaa, and in the southwestern city of Taiz.

After the Senate narrowly approved a \$510 million first installment of precision-guided munitions to Saudi Arabia in June 2017, the kingdom said it would launch a training program to reduce accidental targeting of civilians. But in the year after that announcement, civilian deaths were 7 percent higher than the year before, U.N. data shows. In April alone, there were 236 civilians killed and 238 injured — the deadliest month this year so far.

A U.N. report last month found that 1,316 Yemeni children were killed or injured last year and that more than half of the casualties resulted from airstrikes.

A Saudi government official disputed the U.N. figures and said the coalition is "implementing the highest standard measures to prevent civilian casualties," including "continuous training" of its staff and efforts to improve rules of engagement. The attack on Raqah was under internal investigation, said the official, who spoke on the condition of anonymity because of the issue's sensitivity.

Human rights activists welcome such efforts but say the coalition's probing of airstrikes' aftermath remains hollow. "There is no genuine follow-up on their international human rights obligations and their commitment to respecting humanitarian laws," said Rasha Mohamed, Yemen researcher for Amnesty International.

Raqah is a remote village in the Houthi-controlled province of Hajjah. (Lorenzo Tugnoli/for The Washington Post)

Raytheon spokesman Michael Doble said the company does not comment "on the military actions of our allies or customers." Its sales of munitions to Saudi Arabia, he said, were reviewed and approved by Congress, the Pentagon and the State Department, and so "reflect the foreign policy and national security interests of the United States government and are in compliance with U.S. law."

In a Senate Armed Services Committee hearing in March, Gen. Joseph Votel, the head of the Pentagon's Central Command, said the U.S. military does not track coalition missions using U.S.-refueled warplanes and cannot determine whether the aircraft or U.S. munitions were involved in airstrikes that have killed civilians.

Raqah is in a rugged region in the northern Yemeni province of Hajjah. The sprawling village of about 700 residents is about a three-hour drive from the provincial capital, a place so remote that to reach it requires crossing dry river beds and driving up goat paths.

The civil war that emerged from the political chaos following the 2011 Arab Spring revolts hardly touched the villagers, mostly farmers and herders. Many supported former president Ali Abdullah Saleh, who was ousted in 2012. But even after the Houthis swept into Sanaa and pushed out the internationally recognized government, the conflict did not come to their area, villagers said.

The groom, Yahya Jaffer, stands on the site of the attack. (Lorenzo Tugnoli/for The Washington Post)

The father of the bride, Elan Yahya, stands inside one of the buildings damaged by the explosion. (Lorenzo Tugnoli/for The Washington Post)

Mohammed Yahya, uncle of the groom, stands on the roof of one of the buildings damaged by the blast. (Lorenzo Tugnoli/for The Washington Post)

They said they would often see and hear warplanes and unmanned drones fly above their huts, but they never felt threatened. They had nothing to do, they said, with the Shiite Houthis or Iran, which is backing the rebels. The Sunni Muslim coalition entered the war to prevent Tehran from gaining a regional foothold through Yemen.

"There are no Houthis here," said Yahya Ahmed, a villager whose nephew was killed in the airstrike. "Did you see any checkpoints in our area?"

Across northern Yemen, rebel checkpoints are ubiquitous. But in and around Raqah, there were none. Nor were there visible signs of military activity. Villagers said that there were no military bases in the area and that none of their men were fighting with the rebels.

The only time they had seen rebels in recent memory was the morning after the airstrike, when some Houthi officials arrived to assess the damage.

"We refused to join the Houthis," said Mohammed Yahya, the groom's uncle. "One side says, 'God is great.' The other side says, 'God is great.' We don't know who is right."

'There was blood everywhere'

The wedding of Yahya Jaffer and his bride, Fatma, began auspiciously enough. They were both 20 years old, both from the al-Musabi tribe. Like their parents and grandparents, they were marrying within their community. They are cousins.

The families had spent much of their savings on the wedding. A large white tent was erected in front of their home. More than 150 guests drank soft drinks and water and feasted on lamb and other delicacies. A group of local folkloric dancers

and musicians entertained, according to the recollections of villagers present at the event.

Kamel Yahya sits in the hut where the newlywed couple now live. Kamel's right arm and leg were injured in the attack. He says he has shrapnel that has not been removed. (Lorenzo Tugnoli/for The Washington Post)

Many villagers said they heard two planes circling above their homes throughout that day, as well as just before the attack.

"An hour later, one of them hit us," Amna Yahya said.

It was shortly after 10 p.m. By then, most parents and the elderly had left the wedding. The youths clapped to the rhythm of drums and lutes. Some sang, others chanted, as the dancers skipped and leaped in celebration. Then, a thunderous sound.

"I saw a flash of red, and I lost consciousness," Jaffer recalled. "When I woke up, I heard people screaming in pain. People had lost arms and legs. There was blood everywhere."

Those who could searched through the rubble for survivors, pulling them to safety. Others struggled to find the dead: Most were coated by ash or torn to pieces.

The only way Aitan Suwaed said he recognized his 17-year-old son, Hamdi, was "from his clothes, the parts that weren't burnt."

The 22 fatalities included 12 of the dancers, four musicians and six villagers, including one who played the lute. Most of the children killed were in the dance troupe.

The dancers all belonged to the Muhamasheen, Yemen's most marginalized ethnic group. Performing at weddings was among the few jobs they could find.

For 10 of them, only pieces of their bodies were found, so they are buried in two mass graves. "It's all my family," said Ahmed Rifaei, 37, a dancer who survived.

The living, too, are in bad shape.

Some of Raqah's residents have lost their hearing. Children have lost limbs, while others carry shrapnel inside their bodies. The nearest hospital is in the provincial capital, and most villagers cannot afford the three-hour journey.

Hamza Yahya, a member of the groom's family, stands near his damaged vehicle. He was injured in the explosion. (Lorenzo Tugnoli/for The Washington Post)

Yahya Ahmed not only lost his nephew. His wife, Noora, was four months pregnant. When she heard the bombing, she started screaming uncontrollably. The next morning, she had a miscarriage, he said.

Other women and children in the village report having nightmares where they relive the bombing. One woman was in such shock that she feared leaving her bed. Whenever she needed to go to the bathroom, her relatives carried her. Other villagers said they now sleep outside their houses at night out of concern that their homes would be targeted by airstrikes.

"What happened to us, happened to everyone in the village," said Amna Yahya. "Everyone is full of fear."

Many are also filled with anger, not just at the Saudi-led coalition, but at the United States. "If it wasn't for the American aircraft, Saudi Arabia would never strike Yemen," said Mohammed Yahya, the groom's uncle. "America gives them weapons, and the Saudis hit us."

Some villagers have fled to other areas rather than risk being targeted by another airstrike. But the vast majority don't have that option, including the bride and groom. With their family house destroyed, the couple live in their animal shed, next to cows and goats, their abode reeking of hay and animal urine. They are married in principle but not legally: They can no longer afford to pay for their wedding certificate. So it hasn't been signed by the local marriage official.

On a chair in the shed is the white traditional Yemeni robe that Jaffer wore at his wedding. It is now bloodstained. He has no intention of cleaning it.

"I will keep this to always remember what happened," he said.

Amna Yahya, the mother of the groom, works near the shack where her son now lives with his wife.

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## Yemen Rebels Claim Strikes On Abu Dhabi Airport In UAE (AP)

Thursday, July 26, 2018

**Associated Press** 

SANAA, Yemen (AP) — Yemen's Shiite rebels say they have launched "several strikes" targeting Abu Dhabi's international airport in the United Arab Emirates.

Thursday's announcement on Yemen's rebel-run Al-Masirah TV says the rebel "air force" targeted the airport using drones.

On Twitter, Abu Dhabi's airport said there was an "incident involving a supply vehicle in Terminal 1 airside area of the airport." It said the incident didn't affect airport operations.

The UAE is a key member of a Saudi-led coalition backing Yemen's internationally recognized government and fighting to defeat the Iran-aligned rebels, known as Houthis, since March 2015. The coalition has repeatedly accused Saudi rival Iran of arming the rebels, allegations the Houthis deny.

On Wednesday, the Houthis attacked two Saudi oil tankers prompting Saudi Arabia's state-owned oil company to temporarily halt shipments.

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### Oil Prices Spike After Saudi Halts Shipments After Attack (Rising, AP)

Thursday, July 26, 2018
Associated Press
By David Rising

DUBAI, United Arab Emirates (AP) — Oil prices rose to a 10-day high Thursday after Saudi Arabia's state-owned oil company announced it was temporarily halting crude shipments through a strategic Red Sea shipping lane after Yemen's Shiite rebels attacked two tankers in the strait the previous day.

Futures for Brent crude, the international oil benchmark, hit \$74.83 per barrel before falling back in later day trading to \$73.99, up 6 cents.

The spike came after Saudi Aramco, the kingdom's oil giant, said it was stopping all oil shipments through the Bab El-Mandeb Strait, raising supply concerns.

Saudi Arabia, the world's largest oil exporter, typically transports its oil from fields clustered in the east of the country around the Arabian Peninsula, then north through the Bab El-Mandeb Strait, and through the Red Sea and Suez Canal before on to Europe through the Mediterranean.

It can bypass the strait by moving oil across the country by pipeline and then loading it on to tankers at the Red Sea port of Yanbu, though at reduced output.

Paul Sheldon, chief geopolitical adviser at S&P Global Platts Analytics, said the Saudi move will likely force tankers on a longer trip around Africa.

"It should boost Med barrels, and could eventually raise Brent and other grades due to the higher requirement for volumes at sea," he said in a statement.

Eastern Gulf nations like Kuwait, Qatar and the United Arab Emirates don't have that option, however, and it was not immediately clear how they would react to the attack on the Saudi ships.

The Houthis, who are fighting a Saudi-led coalition backing Yemen's internationally recognized government, attacked the 2-million-barrel capacity Saudi tankers on Wednesday, causing minimal damage to one.

The United Arab Emirates' minister of state for foreign affairs, Anwar Gargash, said on Twitter the attack showed the need to take back the key port of Hodeida.

"The targeted attack on the Saudi oil tankers in the Red Sea confirms the necessity to liberate Hodeida from Houthi militias," said Gargash, whose country is part of the Saudi-led coalition.

"This systematic attack is a terrorist act which shows the nature and aggression of the Houthis."

Saudi Aramco said Thursday there were no injuries or spills and that shutting the route was a precautionary measure.

"In the interest of the safety of ships and their crews and to avoid the risk of oil spill, Saudi Aramco has temporarily halted all oil shipments through Bab El-Mandeb Strait with immediate effect," it said. "The company is carefully assessing the situation and will take further action as prudence demands."

The Bab el-Mandeb strait, which connects the Gulf of Aden to the Red Sea is only about 30 kilometers, or 20 miles, wide between Yemen and Djibouti, leaving ships more vulnerable as they pass through.

Following the attack, the Saudi coalition said the rebels "had almost caused an environmental disaster," according to the state-run al-Ekhbariya TV channel.

Earlier, the rebel-run Al-Masirah TV said their "naval forces have targeted the Saudi Dammam battleship off the western coast."

It later said the "battleship" was targeted using a missile and that the rebels attacked another boat belonging to the coalition.

Associated Press writer David Koenig contributed to this report from Dallas.

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#### Egypt President Ratifies Law Protecting Military Officers (AP)

Thursday, July 26, 2018

**Associated Press** 

CAIRO (AP) — Egypt's President Abdel-Fattah el-Sissi on Thursday ratified a bill that could immunize senior military officers from future prosecution related to violence after the 2013 military overthrow of an elected but divisive Islamist president.

The law, published in the official gazette Thursday, grants senior military officers selected by el-Sissi rewards including immunity from investigation for alleged offenses after the suspension of Egypt's former constitution in July 3, 2013 until parliament assumed its duties on Jan. 10, 2016.

Former president Mohammed Morsi was ousted on July 3, 2013.

Any legal action against the selected officers requires permission from the Supreme Council of the Armed Forces under the new law. They are also privileged with "special immunities" like those granted to diplomats.

General-turned-president el-Sissi led the military's overthrow of Morsi, who hailed from the now-outlawed Muslim Brotherhood group, following mass protests against his rule. Morsi's ouster was followed by a series of violent confrontations between security forces and Morsi's supporters, including one outside a military installation in Cairo in which dozens were killed.

On Aug. 14, 2013, security forces violently dispersed two Cairo encampments supporting Morsi. Hundreds were killed. Rights groups over the years have since denounced the encampments' violent dispersal. Human Rights Watch said the killings "likely amounted to crimes against humanity."

Since Morsi's overthrow, Egypt has launched a severe crackdown on Brotherhood members and supporters, arresting many and trying them on terrorism related charges. The Brotherhood was later designated a "terrorist organization."

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#### 800 Migrants Storm Fences To Enter Spanish Enclave In Africa (AP)

Thursday, July 26, 2018 Associated Press

MADRID (AP) — Around 800 migrants stormed border fences separating Spain's North African enclave of Ceuta from Morocco to get into Europe, police said Thursday.

Spain's Civil Guard said 602 migrants made it onto Spanish soil in a massive assault on high, barbed-wire fences shortly after dawn.

Migrants cut holes in the fences and threw feces and quicklime, a skin irritant, at police officers trying to hold them back, the Civil Guard said in a statement.

They also threw stones at police vehicles, breaking windows, and hurled makeshift flamethrowers at police officers.

The police statement said 16 migrants were taken to the hospital, while five of 15 police hurt were also hospitalized.

The Spanish Red Cross said in a tweet that 132 migrants were hurt in the mass charge.

Sub-Saharan Africans living illegally in Morocco try to get to Europe each year by climbing rows of 6-meter (20-feet) high fences surrounding Ceuta and Melilla, Spain's other North African enclave. Those who make it across head for crowded, temporary migrant accommodation centers. They are eventually repatriated or let go.

Thursday's assault added to pressure on Spanish authorities from a recent wave of migration, with on average hundreds of migrants crossing the Mediterranean Sea on unsafe boats each day.

Spain's Maritime Rescue Service said it picked up 332 people in the Mediterranean on Thursday — 232 on 19 boats in the Strait and 100 in two boats further east. On Wednesday, it rescued 424 people.

The International Organization for Migration says so far this year more than 22,700 migrants have arrived in Spain — three times more than in the same period last year.

Almost 20,000 of them arrived by sea, as good weather allowed more crossings on the short route across the Strait of Gibraltar and a recent crackdown by Libyan authorities had led migrants to choose other routes.

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# Trump Administration Sets Sights On Libya's Oil Reserves In Behind-the-scenes Power Play (Boylan, WT)

Thursday, July 26, 2018
Washington Times
By Dan Boylan

Iran's loss may be Libya's gain. The prospect that U.S. sanctions will drastically curb Tehran's oil exports is feeding interest in Libya's oil reserves and has even sparked movement toward economic and political reform in one of the region's most unstable states.

As Libya endured yet another oil blockade, which pulled nearly 850,000 barrels per day from the world's markets, Trump administration officials worked behind the scenes over the past month to pressure key militia leaders, government officials and oil executives to cooperate or face dire consequences, multiple sources told The Washington Times.

State Department and White House officials declined to comment on specifics, underscoring the sensitivities required to execute a successful power play in Libya.

The country is plagued by Islamist radical threats and divided between rival governments in its eastern and western halves since the 2011 revolution and death of longtime strongman Moammar Gadhafi.

With the U.N. and European allies, the U.S. has pushed a deal to subject the Central Bank of Libya and the state oil company to a wide-ranging investigation into long-standing reports of corruption and misappropriation of oil revenue by radical Islamist factions and militia groups.

Regional analysts have welcomed the investigation as a glimmer of hope after a long record of failure and uncertainty for U.S. policy.

"The proposed Central Bank audit presents an opportunity to improve transparency and management of a critical economic institution," said Lydia Jabs of the U.S.-Libya Business Association.

International Crisis Group senior Libya analyst Claudia Gazzini voiced cautious optimism but warned that major questions remain about who will conduct the audit and how its findings are handled.

"The devil will be in the details," she said by phone from neighboring Tunisia. "But forging a real agreement for a genuine investigation, if properly managed, it could lead to a great opening-up."

#### **Factional fighting**

The factions that control Libya's west and east — one based in Tripoli and one in Tobruk — have battled for years for control of the largest oil reserves in Africa and 10th largest in the world.

On June 14, four ports in what is known as Libya's Oil Crescent in the east were seized from Gen. Khalifa Haftar, the strongman who controls the Libyan National Army and much of the eastern half of the country.

Called stubborn and at times self-serving, the 75-year-old Gen. Haftar falls in and out of favor in Washington, where he has become well-known since defecting to the U.S. from Gadhafi's army in the 1980s. Gen. Haftar returned to fight in the revolution in 2011 and later battled Benghazi's Islamist militias.

Gen. Haftar's troops soon recaptured the ports but refused to return them to the state-owned National Oil Corp., a move condemned by France, Italy, Britain and the U.S.

The Libyan standoff, combined with uncertainty over the future of Iran's energy markets after the U.S. pulled out of the 2015 nuclear deal, helped push U.S. gas prices by July 4 to their highest levels in four years.

The Libya 218 TV channel reported July 10 that President Trump sent a message to Gen. Haftar and the heads of the rival governing factions, Aqilah Saleh and Fayez Al-Sirraj, threatening them with major sanctions — and possible U.S. force — if they did not immediately restore Libyan oil to the world market.

The next day, July 11, Libyan media reported that the National Oil Corp. had control of the four Hafta ports and the blockade was over.

National Oil Corp. Chairman Mustafa Sanallah, whom analysts see as a reformer, said the incident illustrated that "a proper national debate on the fair distribution of oil revenues" was direly needed.

"The real solution is transparency" he said.

Shortly afterward, Ghassan Salame, the U.N. envoy to Libya, then secured support from the U.S. and European allies to launch an anti-corruption investigation that many in Libya see as key to restoring a semblance of efficient government in the chaotic post-Gadhafi era.

"If these matters are not expeditiously addressed, I fear the agreements made to resume the production of oil will not hold, and it will be difficult to advance the political process," Mr. Salame told the U.N. Security Council last week. "If there has been a silver lining in the events, it is that the various authorities in Libya now accept that they need to take action to protect the country's wealth."

Speaking on background for fear of reprisal in Libya, one official of a nongovernmental organization said Libyans were divided about the pressure the U.S. and outside players have applied, which ultimately could lead to greater transparency.

"Wrong reasons, good results," the source said. "Iran is the White House's priority, not Libya. [The U.S.] wants to make sure that there's a healthy supply of Libyan oil on the world market when the new Iran sanctions kick in so U.S. oil prices don't skyrocket."

Libya's oil industry drives 95 percent of the country's exports, and corruption is endemic. Last year, Transparency International ranked Libya 171st out of 180 nations in its annual Corruption Perceptions Index.

Human trafficking is another massive problem. Organized crime syndicates in the major Mediterranean ports use their oil smuggling routes to make Libya the prime departure point for moving economic refugees to Europe, fueling an immigration crisis that has badly divided the European Union.

According to the Office of the U.N. High Commissioner for Refugees, 124,711 people crossed from Libya to Europe from January 2017 to March 2018, and 4,578 refugees were declared dead or missing at sea last year.

Vincent Cochetel, the UNHCR special envoy for the Central Mediterranean, has called for "naming and shaming" traffickers and smugglers and freezing their assets.

In February, the U.S. Treasury's office of foreign assets control did just that, sanctioning six specific smugglers from Libya, Malta and Egypt in addition to 24 companies and seven vessels.

International investors have taken notice.

Last week, the Texas-based Guidry Group announced plans for a \$1 billion redevelopment of a deep-water port near the strategic northeastern city of Susah, where tradition holds that Roman Gen. Marc Antony reportedly built Cleopatra a swimming pool.

Founder Michael Guidry said in a phone interview from Benghazi that he had been to Libya more than a dozen times since 2012, when he began pitching officials to rebuild the Susah port. The former specialist in kidnapping and ransom negotiations and security services said his firm has evolved into developing critical infrastructure for war-torn countries.

Despite the difficulties and dangers, Mr. Guidry said, the Susah port project has attracted serious American investors and the interests of a major global port operator.

"The Libyans told me they had a dream of building a deepsea port," he said. "This is it. They have been through so much, they need their dreams to start becoming real."

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#### Hannibal Gadhafi Headlines Spark Speculation Over Fate Of Libyan Dictator's Children, Fortune (Boylan, WT)

Thursday, July 26, 2018 <u>Washington Times</u> By Dan Boylan

It's the latest installment in a grim Libyan soap opera that might be called "All the Strongman's Children."

Hannibal Gadhafi made headlines across the Arabic media this month when Lebanese authorities blocked him from leaving jail there, reviving a long-running debate over the "mysterious fate" of the late Libyan dictator Moammar Gadhafi's many descendants and the family's legendary fortune.

The Libyan strongman, who dominated the North African nation for more than four decades, had eight children. Three

were killed by rebels during the 2011 revolution that ultimately cost Gadhafi his own life. The remaining five live scattered across the region in varying degrees of comfort, security and seclusion.

With international officials now aggressively pushing Libya to investigate massive corruption at state institutions, rumors are again circulating about the whereabouts of hidden Gadhafi assets — including cash, diamonds and gold — and who might have access to the wealth.

Some minor successes have been made. The United Nations, the U.S. government and some European countries have frozen assets connected to the clan, and South Africa returned almost \$1 billion to Libya linked to the Gadhafi clan in 2013.

But a 299-page 2017 U.N. report said much of the money is still out there, albeit stashed away in far-flung corners of Africa.

There were reports of steel chests containing \$560 million in \$100 bills hidden in the capital of the landlocked West African country of Burkina Faso. Four banks in South Africa are said to still hold \$20 billion, and warehouses and bunkers around Pretoria and Johannesburg hold even more cash, diamonds and gold bars.

The Panama Papers, documents leaked in 2016 that detailed extensive offshore money laundering activity among the global elite and public officials, referred to another \$8 billion in a Kenyan bank.

Investigators have traced attempts by Libyan rebel groups to tap the cash to buy arms, but questions linger about the Gadhafi family's access.

Last week, the London-based Arabic newspaper Asharq Al-Awsat chronicled Hannibal Gadhafi's continued detention in Lebanon, where authorities have said he must remain until after the conclusion of an investigation into suspicions of his involvement in kidnapping and attempted murder.

Of Mr. Gadhafi's other living children, another son, al-Saadi, who was imprisoned in Niger, is now in a Tripoli jail facing trial on charges of kidnapping and financing armed groups.

The whereabouts of the onetime heir apparent, Saif al-Islam, is unknown, but rumors suggest that he might run in Libya's next presidential election.

Moammar Gadhafi's widow, Safia Farkash, returned to Libya in 2016 as part of a reunification drive. But his daughter, Aisha, a lawyer who once tried to defend former Iraqi leader Saddam Hussein, is reportedly living a life of luxury in the Persian Gulf country of Oman with brother Muhammad.

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### Lebanon's Cannabis Heartland, Bekaa, Hopes For Legalization (Mroue, AP)

Friday, July 27, 2018 Associated Press By Bassem Mroue

YAMMOUNE, Lebanon (AP) — In the fields of this quiet village surrounded by mountains, men and women work clearing dirt and dry leaves from around cannabis plants, a major source of livelihoods in this impoverished corner of Lebanon,

The fertile Bekaa Valley in eastern Lebanon has long been notorious as one of the world's major narcotics-growing regions, producing some of the finest quality cannabis, mostly processed into hashish. Today, the country is the third biggest producer in the world after Morocco and Afghanistan, according to the U.N.

But the valley's residents have rarely felt the benefits. Now they are hoping their work will soon become legal after decades of crackdowns and raids.

This week, a draft bill was introduced in parliament that would allow cultivation and use of cannabis for medical purposes.

The idea has fueled dreams of Lebanon raking in hundreds of millions of dollars in sales and exports, a desperately needed source of income for a country weighed down by low growth, high unemployment and one of the heaviest debt burdens in the world.

The legal industry will also create jobs and bring order in the Bekaa, a region notorious for lawlessness, proponents say.

"I want to find a solution for what's going on," said legislator Antoine Habchi, who sent the bill to parliament. The aim is to "allow farmers to live with dignity."

Habchi, who hails from cannabis-growing part of the Bekaa region, said the bill would bring economic returns and would include provisions to prevent and treat addiction.

Under the bill, cultivation would be tightly controlled. Private pharmaceutical companies would provide seeds and seedlings to farmers and during harvest plants would be counted to make sure nothing had been diverted. The size of fields would be regulated.

It will likely take months for the bill to go through discussions before it can come to a vote. Parliament Speaker Nabih Berri last week informed U.S. ambassador Elizabeth Richard that the legislature was working on the draft bill. In the past, the United States has provided aid for counter-narcotics efforts in Lebanon, trying to stem the trade.

The move is not without controversy.

The northern parts of the Bekaa Valley where cannabis is widely grown is under the influence of the militant group Hezbollah, which opposes the use and production of all types of drugs. The group and its allies dominate parliament; it has not said whether it would try to stop the bill.

The United States has repeatedly accused Hezbollah of drug trafficking, charges that the group strongly denies.

Legalization seems to have gained traction in Lebanon after global consulting firm McKinsey & Co. included it among its suggestions in a government-commissioned study on ways to boost Lebanon's economy.

Still, economists are split on the benefits.

Louis Hobeika, an economist at Lebanon's Notre-Dame University, warned that cannabis profits won't go to state coffers or citizens but will be devoured by the widespread corruption among the ruling elite.

"This is a move that aims to finance the political mafia in Lebanon," he said.

Habchi disagrees, saying farmers and workers would finally have their rights in the trade. Traditionally, drug dealers benefit most, imposing a purchase price on farmers then selling the product for high higher prices.

The Bekaa became notorious for the drug trade during the 1975-1990 civil war, producing some \$500 million a year in opium and cannabis. After the war, authorities launched crackdowns on the fields and encouraged alternative crops like potatoes, tomatoes and apples.

Cannabis planting bloomed once more after Syria's civil war erupted in 2011 and Lebanese authorities shifted attention to other security concerns.

Driving through villages in the Baalbek and Hermel regions in eastern Lebanon, cannabis can be seen planted on the side of roads and in gardens. At some cases, security force's checkpoints are only a few hundred meters (yards) away. There are more than 40,000 arrest warrants against locals in the Bekaa Valley, many drug-related.

Most often, authorities prefer to turn a blind eye.

Well armed residents are ready to fend off any force trying to destroy their fields. When security forces move in to destroy fields with bulldozers and trucks, they can come under barrages of automatic weapons fire or even rocket-propelled grenades.

On Monday, troops surrounded a compound in the village of Hamoudiyeh run by a notorious drug dealer, Ali Zeyd Ismail, who had dozens of warrants against him. An hours-long battle left eight people dead, including Ismail, who was known

as Lebanon's Escobar after the late top Colombian drug trafficker Pablo Escobar.

Hashish is also smuggled out of the country. Hardly a week passes without authorities saying that they busted drugs at the airport or seaports.

Legalization could turn that into a legal export market. Several countries in Europe and South America, as well as Australia and Canada allow imports of medical cannabis. Canada and the Netherlands dominate exports. Several U.S. states allow medical or recreational cannabis, but importing is illegal.

In the Bekaa, farmers welcome legalization, saying it would bring badly needed jobs.

"Let them deal with it the way they deal with tobacco," said Mayez Shreif, referring to a state-run company that monopolizes tobacco purchases from farmers. He spoke one morning this week as he ate fruit and drank coffee in a garden near cannabis fields.

The 65-year-old Shreif has worked for decades at cannabis plantations in Yammoune. The area's dry weather, its elevation above sea level and its local springs come together to make some of the finest product in the world.

Residents have tried planting apples, tomatoes and potatoes, but most often lost money, he said. Growing potatoes costs 15 times as much as cannabis and earns far less. With cannabis, the farmer just puts seeds and water and it grows, he said.

In Yammoune, a Syrian who has worked for seven years in cannabis fields said his Lebanese boss pays him \$500 a month, seven times the average salary in Syria. He asked that his name not be used for fear of reprisals from authorities.

"Hashish keeps me employed for much of the year," he said.

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#### Iraq Street Satirists Peddle Culture Change (Faraj, AFP)

Friday, July 27, 2018

**AFP** 

By Salam Faraj

Kut (Iraq) (AFP) – On a strip of pavement in the southern Iraqi city of Kut, a gaggle of amateur comedians pulls in the crowds every Friday – drawing chuckles, smiles and knowing nods.

With a rich repertoire of skits, Khaled al-Atbi and his peers poke fun at politicians more interested in lining their pockets than rebuilding a country devastated by decades of war.

"Theatre is a message," said the 42-year-old al-Atbi, director and actor in the seven-strong troupe.

"With our satire, we condemn... corruption, lack of public services and tribal activities," he said, citing those factors as central to discontent in Iraq.

Since the US-led ouster of dictator Saddam Hussein in 2003, Iraq has been plagued by graft and sectarian fighting, culminating in the Islamic State group seizing around a third of its territory in 2014.

As Iraq seeks to move beyond the brutal war that last year finally defeated the jihadists, al-Atbi is determined to embarrass officials who pocket bribes and hand out plum civil service jobs to relatives.

The father-of-two hopes his little troupe can help trigger a culture change, even as he juggles his satirical ventures with a full-time job as a policeman.

- Rubbish piles vanish -

In one sketch, al-Atbi plays a diligent official obliged to work with incompetent but politically connected colleagues.

The scene did not require much in terms of props – just a table and a few chairs, which were quickly encircled by rapt onlookers.

"Our audience is very receptive because they know what we are enacting exists in reality," said al-Atbi.

Less than two years after they began working the streets, the group's efforts have already brought about change, according to Kut residents.

"We can challenge leaders and solve social problems," said 48-year-old teacher Abu Ali, who never misses a Friday skit.

Where rubbish was once piled high, roads are now clean and refuse is collected regularly, Abu Ali added – thanks at least in part to pressure created by street plays.

But not everyone is a fan.

The group has attracted online trolls, and while street audiences are generally very supportive, hecklers make their presence felt.

"'You exaggerate!' 'Stop insulting the parties and leaders!" are common refrains, al-Atbi shrugged.

- 'Breath of air' -

But the performers are not discouraged.

Once a week, they set up on "Tigris Culture Street", among stalls of second-hand books lining the banks of the river running through the agricultural region.

The plays are the only "breath of air... for people of culture" in the area, said hairdresser Karim al-Bahadli.

"They express the feelings that are inside," said al-Bahadli – a must, he believes, for a turbulent country that is ranked by Transparency International as the world's 12th most corrupt.

Southern Iraq was the epicentre of protests in July against corruption and poor public services.

Iraq's state human rights commission said Monday at least 14 people were killed in the demonstrations, which spread from Basra to Baghdad, before waning under pressure from the security services.

For fans of al-Atbi and his troupe, laughter is something of a social safety valve.

They scored their "greatest success" with a series of skits in the lead-up to May 12 elections, said troupe member Jalal al-Chati, who works as a reporter.

No shade of political sentiment escapes the group's ridicule.

In one scene, the actors play two politicians – one a devout man offering voters access to the afterlife, the other promising to fend off government efforts to shut down shops selling alcohol.

To avoid sailing too close to the political wind, they use no names. But appreciative murmurs and giggles among the audience indicate they know exactly who is being mimicked.

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#### **EUROPE & EURASIA**

### Russia Promises To Investigate Prison Beating Seen On Video (Titova, AP)

Thursday, July 26, 2018

**Associated Press** 

**Bv Tanva Titova** 

MOSCOW (AP) — The 2017 beating of a Russian prisoner, seen in a shocking video released last week, is being investigated in detail, the head of Russia's delegation told the U.N. Committee Against Torture on Thursday.

Mikhail Galperin told a committee session in Geneva that Russia's firm response to the incident, which has sparked wide public concern, could discourage future abuses.

A video released last week by the Novaya Gazeta newspaper shows Evgeny Markov, an inmate at a prison in the Yaroslavl region, being beaten by men in guards' uniforms while lying handcuffed on a table. The shaky video is believed to have been taken by a guard's body camera.

Six guards have been ordered held in detention for two months while the 2017 beating is investigated and the prison's deputy chief is also being held.

Yet the lawyer who obtained the video has fled Russia because of concerns about her security.

"I don't plan to come back to Russia yet, because I want to see how this case will go," Irina Biryukova told The Associated Press on Wednesday.

The video showed more than 10 guards involved in the beating and Bitukova expressed concern that not all suspects had been arrested.

After the video was released, "I started receiving threats as personal messages," she said from an undisclosed location.

She said she was appalled by the video.

"When I opened the file for the first time, I could only watch the first 10 seconds without sound and didn't manage to watch anymore," said Biryukova, who works the Public Verdict Foundation human rights group. "Then we all watched it together and decided that it definitely needed to be published without sending it to the investigative authorities first, because that wouldn't yield any results."

Galperin, the Russian envoy to the UN torture committee, expressed "confidence that the investigation of this incident, bringing it to court and the severe punishment of those found guilty, without any consideration for rank and position, should become and I am sure will become, a clear signal about the inadmissibility of torture, the inadmissibility of violations of Russian law."

But activist Anastasia Garina of the Committee Against Torture said she doubted the case would bring about significant change in Russia.

"While attention is focused on this problem, something will happen ... and then everything will settle back down again," she said. "We won't just wake up one day in a different country just because this video was leaked."

Jim Heintz in Moscow contributed to this story.

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#### Claire McCaskill, A Vulnerable Democrat Running For Reelection, Targeted In Hacking Attempt By Russian Spies (Nakashima, WP)

Friday, July 27, 2018 Washington Post By Ellen Nakashima

U.S. Sen. Claire McCaskill of Missouri, one of the most vulnerable Democrats running for reelection this year, was targeted by Russian government hackers who sought but failed to compromise her Senate computer network.

"Russia continues to engage in cyber warfare against our democracy," McCaskill said in a press release Thursday evening. "While this attack was not successful, it is outrageous that they think they can get away with this. I will not be intimidated. I've said it before and I will say it again, [Russian President Vladimir] Putin is a thug and a bully."

The hackers, who belong to Russia's military spy agency GRU, targeted two other candidates running in the midterms, according to a Microsoft executive, Tom Burt, who spoke at the Aspen Security Forum in Colorado last week. He did not identify the candidates. None were compromised, he said.

McCaskill issued the statement after the Daily Beast reported on the attempt. McCaskill, who is the ranking Democrat on the Homeland Security and Governmental Affairs Committee and also sits on the Armed Services Committee, has been critical of President Trump's statements that appear to discount the intelligence community's assessment that Russia used information warfare in an attempt to influence the 2016 election.

Just two weeks ago, the Justice Department announced the indictments of 12 GRU officers charged with hacking Democratic Party email networks and releasing stolen material in an effort to affect the election.

Top U.S. intelligence officials, including Director of National Intelligence Daniel Coats, have warned that they expected the Russians to try again this year.

"Russia has been the most aggressive foreign actor — no question," Coats said in recent remarks at the Hudson Institute. "And they continue their efforts to undermine our democracy."

At Aspen, Burt said the three candidates were targeted using spear-phishing, a common hacker technique to get targets to open emails that appear legitimate but in fact lure victims to click on malware-infested links or send them to websites that contain malware — in an effort to obtain users' log-in credentials and passwords. He said Microsoft discovered "a fake Microsoft domain" or website that the hackers had created to which spear-phish victims were directed.

"We took down that domain, and working with the government, actually were able to avoid anybody being infected by that particular attack," he said.

McCaskill is expected to face Josh Hawley, Missouri's attorney general and the leading GOP contender for the Senate seat, in November.

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# Russia Promises To End Prison Torture. U.N. Experts Are Unconvinced. (Cumming-Bruce, NYT)

Friday, July 27, 2018

New York Times

By Nick Cumming-Bruce

GENEVA — Russian officials on Thursday pledged to prosecute anyone implicated in a prisoner-abuse scandal, but they failed to convince United Nations human rights experts that their promises signaled a change in official attitudes on torture.

Russia's deputy justice minister, Mikhail Galperin, told the United Nations Committee Against Torture on Thursday that Russian authorities had arrested five prison guards who are suspected of torturing a prisoner in a penal colony northeast of Moscow in June 2017, and dismissed 17 officials.

The abuse was captured in a chilling 10-minute video filmed on a body camera and released online last week by Novaya Gazeta, an independent newspaper, showed uniformed guards holding down a naked, handcuffed prisoner, later identified as Yevgeny Makarov, while they ferociously beat his feet with truncheons and fists as he howled for them to stop.

Mr. Makarov's lawyer, Irina Biryukova, who released the video to the newspaper, subsequently fled the country with her family, saying she had received death threats.

As public outrage mounted in Russia over the events in the video, the powerful Investigative Committee and the federal penitentiary service announced this week that they had begun inquiries. And as Mr. Galperin addressed the committee on Thursday, Russian authorities announced the arrest of a sixth prison guard.

Mr. Galperin denied having any knowledge of what prompted Ms. Biryukova to leave the country, but he promised her full protection, including a personal security detail and help in changing her appearance, if she wanted it.

"The severe punishment of those responsible regardless of rank and position" will send a clear official signal that torture was unacceptable, Mr. Galperin said. He said the case also demonstrated the effectiveness of government efforts to install video cameras in prisons and interrogation rooms.

"Well, actually it doesn't," Jens Modvig, the committee's chairman, retorted.

It was a friend of one of the guards, not the authorities, who had handed over the video to the inmate's lawyer, Mr. Modvig pointed out, and faced with evidence of abuse, the authorities were supposed to act immediately. "That didn't happen so I disagree that it shows any kind of effectiveness," he added.

Mr. Makarov's case was not the only source of the committee's dissatisfaction with the performance of Mr. Galperin's delegation over a two-day hearing at the United Nations human rights office in Geneva.

"Torture is practiced widely" in Russia, Mr. Modvig said Wednesday in the opening session of the committee hearing, "but there is no rule ensuring that punishment for torture corresponds to the seriousness of the crime."

He pressed for details of the legal action taken by the Russian authorities against officials implicated in cases involving the use of torture, but Mr. Galperin's delegation provided no answers on Thursday.

"The conclusion here is that the Russian Federation is unable to explain how it prosecutes torture," Mr. Modvig said. "This is simply not good enough."

The committee also wanted details about what happened to Valery Pshenichny, a 56-year-old entrepreneur who was found hanging in his cell in a St. Petersburg prison in January. Mr. Pshenichny had accused a former business partner of stealing company money, but he then was charged with fraud related to a submarine contract.

The committee drew attention to an official medical report that found that Mr. Pshenichny had a broken spine and knife wounds and that he had been subjected to electric shocks and raped.

That case and others had given rise to speculation, "including in this committee," that Russian authorities were seeking to hide the harsh conditions in prisons, Mr. Modvig said.

The Russian delegation's responses did little to clarify the situation. "Causing a person to commit suicide is a crime in Russia," said a delegation member, Dmitri Dudukalov, a senior official in the Office of the Prosecutor General. But preliminary medical and criminal investigations had determined that there was no evidence of physical or sexual violence by third parties, he said.

It was possible that Mr. Pshenichny's neck had been broken by the weight of his body, Mr. Dudukalov suggested, but he added that the case was still under investigation. The committee had even less success with its questions about the 2009 death of Sergei L. Magnitsky, the 39-year-old lawyer who exposed fraud by tax officials but died in pretrial custody in a Moscow prison after he was beaten and denied medical treatment.

His death still casts a shadow over America's relations with Russia. A campaign by Mr. Magnitsky's former boss, William F. Browder, an investor, led Congress to pass the 2012 Magnitsky Act, which established economic sanctions that have infuriated the Kremlin.

Russia's handling of Mr. Magnitsky's death was "exemplary of nonaction," Felice Gaer, an American member of the committee said, and she asked how the committee could have confidence that the Russian authorities would prosecute others accused of torture.

Mr. Galperin's delegation, however, would not be moved beyond the written replies it had submitted to the committee before the Geneva meeting.

A criminal investigation had looked into the possibility of "unlawful acts" committed against Mr. Magnitsky, including torture, Mr. Dudukalov from the Prosecutor General's office, said. "No evidence was found to support that hypothesis."

Correction: July 26, 2018

In an earlier version of this article, the surnames of a Russian inmate and his lawyer were misspelled in some instances. It is Yevgeny Makarov, not Marakov; and it is Irina Biryukova, not Biruyokova.

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### Russia Calls Woman Held In US As Agent 'Political Prisoner' (AP)

Thursday, July 26, 2018 Associated Press

MOSCOW (AP) — Russia's Foreign Ministry says a woman who was detained in the United States on charges of being a Russian agent is a political prisoner and must be released promptly.

The Russian government previously objected to Maria Butina's arrest this month, but its characterization of her as a political prisoner on Thursday raises the level of complaint.

The 29-year-old Butina has been accused of working to infiltrate the National Rifle Association and other U.S. political organizations before and after President Donald Trump's election.

Foreign Ministry spokesman Artem Kozhin said at a briefing: "Her arrest is motivated solely by the motives of the U.S.

domestic and foreign policy, and therefore she is a political prisoner."

The U.S. government has often criticized Russia for allegedly holding political prisoners.

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## Putin Says Russia Seeks More Cooperation With BRICS Nations (Tanas, BLOOM)

Thursday, July 26, 2018 Bloomberg News By Olga Tanas

Russia is pushing for better business ties between counterparts in the informal BRICS club of nations, President Vladimir Putin said.

"Strengthening trade and investment ties with BRICS partners is one of the priorities," Putin said at the annual summit of the five-nation group in Johannesburg Thursday. The country's trade turnover with Russia, India, China and South Africa exceeded \$102 billion last year and "we intend to do everything possible for further trade growth within BRICS," he said.

Putin's comments come against the backdrop of the trade war between the U.S. and China after President Donald Trump imposed billions of dollars of tariffs on goods from the Asian nation to retaliate for what he says are unfair practices that have resulted in a huge trade imbalance.

Chinese President Xi Jinping earlier called on the BRICS nations to reject protectionism and said there are no winners in a trade war. The combined gross domestic product of the five countries is more than 90 percent the size of U.S. output.

Russia supports the creation of regional branches for the BRICS New Development Bank, Putin said.

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## Rockefeller Heir Was Contact Of Alleged Russian Agent (Viswanatha, Bykowicz, WSJ)

George O'Neill Jr., conservative columnist, is 'U.S. Person 2' in Maria Butina case Thursday, July 26, 2018

Wall Street Journal

By Aruna Viswanatha And Julie Bykowicz

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Butina Sought A Secret Kremlin Line To The U.S. A Rockefeller May Have Helped (Mosendz, Farrell, Arkhipov, BLOOM)

Thursday, July 26, 2018

**Bloomberg News** 

By Polly Mosendz , Greg Farrell , And Ilya Arkhipov

A scion of the Rockefeller clan, George D. O'Neill Jr., was one of the U.S. conservatives who allegedly helped Mariia Butina's efforts to build a secret line of communication back to the Kremlin, judging by details in recent U.S. filings.

O'Neill, a 68-year-old sculptor and a rainmaker for conservatives since Pat Buchanan's 1992 presidential run, hosted a private dinner in Washington, D.C., for a delegation of Russian dignitaries in town for a National Prayer Breakfast in early February 2017, he has said publicly and to Bloomberg last year. There, just days after President Donald Trump's inauguration, the Russians met two Republican lawmakers and other conservative luminaries, he has said.

The dinner is referenced as well in a trip itinerary, given to Russian delegates traveling to Washington for the breakfast, which was reviewed by Bloomberg. Delegates also received a Russian-language rundown of the Americans they could expect to meet at the dinner. Amongst those listed in the document reviewed by Bloomberg were O'Neill and his wife; a Russian-speaking congressional aide; and a conservative operative they were told was an adviser to the new Trump administration.

The timing and details of that early 2017 gathering matches one of several dinners that U.S. prosecutors refer to in charges they recently unveiled against Butina, accusing her of failing to declare her efforts to advance Russia's interests in the U.S. Prosecutors identify the host only as U.S. Person 2. O'Neill didn't respond to requests to verify that he was that person. The Justice Department declined to comment.

In comments last year, O'Neill told Bloomberg that his preprayer breakfast gathering was meant to support constructive dialogue and combat Russophobia.

But at least some of the Russians who came to the dinner had a more corrosive agenda, U.S. national security prosecutors now say, and wittingly or not, O'Neill may have helped Butina pursue her goal of establishing a "back channel" between the Kremlin and top Republicans. Though not referenced in the Butina filings, there have been other discussions about setting up such back channels – involving, according to news reports, Michael Flynn and Jared Kushner in late 2016 and Trump supporter Erik Prince in early 2017. Kushner later disclosed the discussion, and Prince has denied wrongdoing.'VERY Influential'

Alleging that Butina failed to disclose her efforts, the prosecutors have laid out a multiyear timeline culminating with the National Prayer Breakfast, the private dinner – and emails from Butina suggesting she'd realized some degree of success.

Before the prayer breakfast visit, Butina wrote in an email that the delegation of about a dozen Russians would include "VERY influential" people close to the Kremlin coming to establish a back channel of communications. They included a Russian close to President Vladimir Putin, who has been identified as Alexander Torshin. Afterward, according to another email cited by prosecutors, Butina wrote the person believed to be O'Neill to thank him for the "wonderful dinner." She added: "My dearest President has received 'the message' about your group initiatives and your constructive and kind attention to the Russians."

The specifics of those initiatives remain unclear. In federal court in Washington this week, prosecutors said additional details of the U.S. case against Butina shouldn't be made public in order to protect their continuing investigation. Butina's lawyer has dismissed prosecutors' claims, saying she's no Russian agent, just someone who was making friends.

In a letter to Bloomberg last year following initial reports about his event, O'Neill said he had hosted "a wonderful dinner" in February 2017 that was part of a series of gatherings "for American intellectuals in preparation for the time when Russians would feel more comfortable to participate in a dialog here."

"Any clear thinking person with a cursory understanding of history and foreign policy knows the obvious benefits of good relations between America and Russia on many levels," he wrote at the time. "One does not have to be a 'useful idiot' or a 'Putin stooge' to hold this view, nor does one have to approve of all of Russia's or Putin's actions, which can sometimes be problematic." Guest List

Additional details of the Russian delegation's visit to Washington at that time emerge in the previously unreported documents reviewed by Bloomberg. While in Washington, the Russian delegates were scheduled to attend the private Russia-U.S. dinner on Jan. 31 and the prayer breakfast, as well as a dinner with organizers of the prayer breakfast, according to an itinerary for the five-day trip that has Butina's name and telephone number at the bottom.

Russian invitees to the Jan. 31 dinner were also provided a list of a dozen Americans they could expect to meet there, complete with Russian-language biographical bullet points and color photos of most attendees. It's unclear who compiled the guest list.

O'Neill and his wife are listed first, followed by Representative Dana Rohrabacher of California, who, the presentation noted, supports Russia's annexation of Crimea. It closes with Paul Erickson, who is believed to be the U.S. Person 1 who appears throughout the Butina documents. Erickson is identified, in the Russian-language presentation, as a Trump administration adviser. It's unclear whether he had such a role. The White House didn't immediately comment.

Others on the list include Representative Thomas Massie, a Kentucky Republican ("in favor of Russian-American dialogue," the list noted), and Hollywood director Ronald Maxwell ("under consideration to lead the Culture Ministry under Donald Trump," "Dreams of making a film about Stalinera repression").

Rohrabacher and O'Neill are part of a circle of friends from the Reagan White House, who also included Buchanan and the late ambassador Faith Whittlesey, the mother of O'Neill's ex-wife, according to Ken Grubbs, a Rohrabacher spokesman. Rohrabacher and O'Neill met just once regarding Russia, as far as the lawmaker could recall, and law enforcement officers haven't questioned Rohrabacher about the Butina matter, Grubbs said.

Massie and Maxwell didn't respond to requests for comment. Maxwell previously said Americans at the dinner urged their Russian guests to let the Kremlin know that Putin can help Trump by "being patient." Once Trump locked up some major domestic victories, Maxwell said in the interview, he'd be in a better position to do what he wants internationally. Erickson didn't respond to requests for comment.'Swimming Elephant Herd'

The Russian delegation's leader, according to the documents, was Torshin. While not identified by name in the U.S. filings, Torshin is widely reported to be the official who maintained close contact with Butina after she founded a gun rights group in Russia in 2013. Torshin, a central banker and former top Russian lawmaker who's now under U.S. sanctions, has previously been reported as having accompanied Butina to the early 2017 dinner and several other events with U.S. conservatives and gun-rights groups. He hasn't responded to requests for comment.

Butina focused on making inroads with the National Rifle Association and other conservative groups, prosecutors have said. Many of her introductions came through the person believed to be Erickson, who served on the board of the American Conservative Union.

While O'Neill doesn't have much of a reputation among gunrights activists, he is an establishment conservative with a long and sometimes colorful history. The great-grandson of John D. Rockefeller Jr., he has sat on the boards of several

non-profit groups and manufacturers. He's a sculptor with works including "Swimming Elephant Herd," which he gave to Britain's Prince Charles. His acrimonious divorce two decades ago was the subject of a feature in Vanity Fair.

Over the years he's bucked the Rockefeller family foundation's support of liberal causes. An early booster of Buchanan, he's donated to Massie and Rohrabacher. In October 2016, O'Neill gave \$2,700 to Trump, according to public filings. O'Neill has long pressed for constructive dialogue with Russians, amid increasing tensions between the Obama White House and Putin, he said in March 2017 comments to Bloomberg. He has written multiple articles on the topic for the American Conservative, which is published by the American Ideas Institute, where he sits on the board of directors.'Friendship and Dialogue'

According to court filings, the person believed to be O'Neill began an effort to connect Butina to prominent conservatives in March 2016, as it became clear that Trump would become the Republican Party's presidential nominee.

At that time, according to court filings, Butina emailed the two Americans believed to be Erickson and O'Neill that she wanted to arrange a series of "friendship and dialogue" dinners in Washington and New York in late May 2016.

As Erickson came up with the guest lists, O'Neill secured the RSVPs. In one email, Butina praised the host: The person believed to be Torshin was "very much impressed by you and expresses his great appreciation for what you are doing to restore relations between the two countries. He also wants you to know that Russians will support the efforts from our side," she wrote.

Butina emailed him again a few days later, saying Torshin confirmed "his desire in our Russian-American project" and that a member of Putin's administration had expressed approval for "building this communication channel."

In September 2016, with the election less than two months away, Butina again emailed the two Americans to urge another "friendship and dialogue" dinner in Washington in early October. The dinner took place on October 4, after which Butina reported to Torshin that "American society is broken in relation to Russia."

On the same day as that dinner, with U.S. elections about a month away, the person believed to be Erickson emailed an acquaintance, according to prosecutors. He wrote that he had been involved "in securing a VERY private line of communication between the Kremlin and key [Republican] leaders" through what the court filing describes is a gun-rights organization widely believed to be the National Rifle Association. The NRA hasn't commented on the investigation. Yes' From Putin's Side?

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### Macron Dismisses Bodyguard Scandal As 'Storm In A Teacup' (Lee, AFP)

Thursday, July 26, 2018

<u>AFP</u>

By Katy Lee

Paris (AFP) – French President Emmanuel Macron on Thursday dismissed the scandal surrounding a top security aide who roughed up protesters as a "storm in a teacup", as furious criticism from his opponents showed no sign of abating.

The former bodyguard in question, Alexandre Benalla, denounced what he said was a "desire to get at the president" using the scandal, the most damaging since Macron took office over a year ago.

Benalla, who was filmed manhandling May Day demonstrators in Paris while wearing a police helmet and armband, admitted however that he had "made a mistake".

"I feel like I have done something really stupid," the 26-year-old told Le Monde newspaper.

Benalla was charged with assault and impersonating a police officer after videos emerged last week showing him hitting a protester and wrestling another to the ground during the May 1 demonstration.

Benalla, who has said he merely wanted to help police bring violent protesters under control, insisted he did not commit a crime.

"Had I not been employed by the presidency, I would do the same thing again," he told Le Monde, adding the police helmet he was filmed wearing was given to him for his security while attending the protest as an observer.

And late Thursday the Paris prosecutor announced the opening of a preliminary inquiry into violence against the police at the May Day demonstrations.

Revelations that top officials in Macron's office knew about the Benalla incident but did not report him to prosecutors have prompted accusations of an attempted cover-up, which the government denies.

Benalla was suspended for two weeks – supposedly without pay, although it emerged Wednesday that he continued to draw his salary – and stripped of some of his responsibilities. He was finally fired last week.

Macron on Thursday sought to downplay the affair.

"I've said what I had to say, which is that I think it's a storm in a teacup," he told AFP on a visit to the village of Campan in southwest France. Speaking in Madrid later Thursday, Macron again portrayed the matter as finished.

"Something very serious happened which gave rise to an immediate and proportionate response... (but) the press got carried away with it," he said after a meeting with Spanish Prime Minister Pedro Sanchez.

"I consider that the employees of the Elysee (presidential office) have done their job as they should," he added.

#### - 'Monarchical leanings' -

Christian Jacob of the rightwing Republicans, who like many opponents has charged Macron with displaying arrogance in his response, accused the president of "monarchical leanings".

"We're facing a very serious incident – the president must explain himself before the people, he cannot do it with the disdain and provocation with which he has done so thus far," Jacob told Franceinfo radio.

Later Thursday Jacob tabled a confidence motion against the government which will be debated in the French parliament on Tuesday – a largely symbolic move, however, since Macron's centrists hold a strong majority.

Opposition lawmakers have repeatedly called on Macron to address the nation over the affair.

After days of silence, he gave a defiant speech to members of his LREM party on Tuesday which appeared to take aim at parliament's relentless grilling of his aides over the scandal.

"The only person responsible for this affair is me," he said, while describing Benalla's actions as "a disappointment and a betrayal".

"If they're looking for someone to hold responsible, he's right in front of you. They can come and get me."

On Wednesday, he accused his opponents of "disproportionate actions", adding he remained proud to have hired former bouncer Benalla as he was a "devoted" employee who had "taken an unusual path" professionally.

#### - Snaps at media -

But questions from journalists about the scandal dubbed "Benallagate" persist and Macron on his visit earlier Thursday to the Haute Pyrenees region, chastised the media.

"You are very worked up about these subjects. I've been with the people for two hours. You are the only ones talking about it," Macron said.

In parliament two committees have been interrogating top Macron aides, with the president's chief of staff Alexis Kohler the latest to take the stand before the Senate on Thursday.

Kohler acknowledged that officials' initial decision to punish Benalla with a two-week suspension may "appear insufficient" but at the time it seemed "proportionate".

Macron's office director Patrick Strzoda told lawmakers Tuesday that he decided there were not enough elements to justify turning Benalla over to prosecutors, not least because no criminal complaint had been filed against him.

Macron's approval ratings, already low, appear to have taken a further hit from the scandal, with a record 60 percent reporting an unfavourable opinion of him in an Ipsos poll published Tuesday.

Along with Benalla, Vincent Crase, an LREM security agent who was also at the scene, has also been charged over the affair, as have three police officers accused of giving Benalla surveillance footage so he could mount a defence.

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## US To Hit NATO-ally Turkey Over Detained Pastor, Trump Says (George, Superville, AP)

Friday, July 27, 2018

**Associated Press** 

By Susannah George And Darlene Superville

WASHINGTON (AP) — President Donald Trump declared on Thursday the United States will impose sanctions on Turkey, a crucial NATO ally, in retaliation for the detention of an American pastor on terror and espionage charges.

Turkey's response was both harsh and dismissive, calling his words "unacceptable" and a "cheap threat."

Trump's promise of unspecified punishing action marks the latest deterioration in relations between Turkey and the U.S. as President Recep Tayyip Erdogan's powers expand two years after a failed coup against his government.

Trump also has praised his counterpart, saying Erdogan's leadership is "getting very high marks."

The U.S has long depended on a key air base in Turkey's south, most recently to launch airstrikes against the Islamic State group.

Pastor Andrew Craig Brunson was first detained by Turkish authorities in the aftermath of the failed 2016 coup. On Wednesday, he was let out of jail after 1 1/2 years, transferred to house arrest because of "health problems," according to Turkey's official Anadolu news agency.

Trump said that was insufficient.

"He is suffering greatly. This innocent man of faith should be released immediately!" Trump wrote on Twitter.

Vice President Mike Pence is threatening NATO-ally Turkey with sanctions over a detained American pastor held on terror and espionage charges. (July 26)

The announcement of sanctions — though no details of how or when — came as the State Department was holding a three-day event promoting religious freedom. Brunson's case has become a cause for conservative Christians who form an important part of Trump's political base.

Turkey responded that Brunson's detention falls within the jurisdiction of its independent judiciary. "Rule of law is for everyone; no exception," said Foreign Minister Mevlut Cavusoglu, also via Twitter.

And an Erdogan spokesman warned the U.S. to "reconsider its approach and adopt a constructive position before inflicting further damage to its own interests and its alliance with Turkey."

Vice President Mike Pence announced the threat of action at the religious freedom conference, then Trump tweeted that his government "will impose large sanctions on Turkey for their long time detainment of Pastor Andrew Brunson."

Trump could impose certain sanctions unilaterally or try to act through Congress. Senators have previously taken steps toward blocking the sale of F-35 jets to Turkey, citing Brunson's detention as an instance of Erdogan's disregard for the rule of law.

White House spokesman Hogan Gidley declined Thursday to discuss the timing of a sanctions announcement or the decision-making process.

"The president was clear on Twitter today, as was the vice president, that they fully expect, the president expects and wants Pastor Brunson to be returned immediately to the United States and, if not, they can expect sanctions," Gidley said

Brunson, 50, an evangelical Christian pastor originally from North Carolina, could face up to 35 years in prison if convicted of espionage and "committing crimes on behalf of terror groups without being a member," references to outlawed Kurdish militants and the network of a U.S-based Muslim cleric blamed for the failed coup attempt.

Brunson denies the charges.

"Brunson is an innocent man, there is no credible evidence against him," Pence said in his remarks Thursday.

Trump said on Twitter last week that the pastor's detention was "a total disgrace." One of Brunson's attorneys is Jay Sekulow, who also represents Trump in the federal Trump-Russia investigation.

Ties between NATO ally Turkey and the United States have been strained by other issues.

Turkey recently finalized a deal to purchase Russia's long-range S-400 missile defense system, refusing to back down despite strong opposition from the U.S. and other NATO members.

The U.S. and Turkey have also clashed over American backing of Kurdish fighters in Syria who Ankara considers "terrorists."

At the conference, Pence highlighted cases of what he said were religious repression in Nicaragua, Iran, North Korea, China and Myanmar. He also condemned Islamic State group violence toward religious minorities and what he described as rising anti-Semitism in Europe.

Secretary of State Mike Pompeo also spoke. He announced additional aid for a region of Iraq previously held by the Islamic State group. Pompeo said the U.S. would provide \$17 million for de-mining efforts in Nineveh, an area of Iraq historically home to many of the country's religious minorities.

Erdogan has previously linked Brunson's return to the U.S. to the extradition of cleric Fethullah Gulen, the man Turkey's government holds responsible for the failed 2016 coup.

Gulen, who denies orchestrating the coup attempt, lives in Pennsylvania. Turkish requests for his arrest and extradition have not been granted.

More than 77,000 people have been arrested across Turkey since the government declared a state of emergency in the failed coup's aftermath. The crackdown has targeted journalists, activists and opposition figures.

Brunson has lived in Turkey for 23 years and served as pastor of Izmir Resurrection Church, a small Protestant congregation.

During a recent hearing, Brunson he rejected charges against him.

"I believe in and support Turkey's territorial integrity," he told the court. "I forgive those who lie and bear false witness against me."

Brunson's case has been adjourned until Oct. 12.

Associated Press writer Cinar Kiper in Istanbul contributed to this report.

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### Trump Threatens Sanctions Against Turkey Over Detained Pastor (Davis, NYT)

Thursday, July 26, 2018

New York Times

By Julie Hirschfeld Davis

WASHINGTON — President Trump abruptly announced on Thursday that the United States would impose "large sanctions" on Turkey for detaining an American pastor accused of aiding a failed coup attempt there in 2016, escalating a bitter dispute among the two NATO allies.

Mr. Trump's declaration on Twitter appeared to be more of a muscular threat than an official statement of policy; the administration made no announcement of specific punitive measures against the Turkish government, and the White House declined to provide any details about the steps it was ready to take.

It came one day after Andrew Brunson, 50, an evangelical pastor who has been imprisoned in Turkey for 21 months, was moved from jail to house arrest because of health concerns.

Mr. Brunson is one of 20 Americans charged after the failed coup against President Recep Tayyip Erdogan of Turkey. His case has elevated tensions between the United States and Turkey even as Mr. Trump has sought warmer relations with Mr. Erdogan.

On Thursday, Mr. Trump ratcheted up the pressure for Mr. Brunson's immediate release, telling Mr. Erdogan in a private phone call that the pastor's continued imprisonment was unacceptable, according to a White House official who described the conversation on the condition of anonymity because he was not authorized to discuss it publicly.

And the president vowed on Twitter to impose substantial sanctions on Turkey for Mr. Brunson's detention.

It would be an extraordinary step to impose sanctions on a NATO ally, and the Turkish government responded defiantly.

"Noone dictates Turkey," Mevlut Cavusoglu, Turkey's foreign minister, wrote in a tweet. "We will never tolerate threats from anybody. Rule of law is for everyone; no exception."

The widening conflict highlighted how the Trump administration has been torn over Turkey.

Mr. Trump and Mike Pompeo, his secretary of state, have sought a closer rapport with Mr. Erdogan. But the Pentagon wants to preserve a close alliance with a Kurdish militia in northern Syria — one that the Turkish government regards as a terrorist group — to continue fighting the Islamic State.

Last month, a State Department official told Congress that plans by the Turkish government to acquire a Russian missile

defense system would damage United States-Turkish relations beyond repair. The Senate temporarily blocked the sale of American weapons to Turkey, including F-35 fighter jets, because of Mr. Brunson's imprisonment and Turkey's purchase of the Russian air defense system.

On Thursday, Mr. Erdogan met with President Vladimir V. Putin of Russia on the sidelines of a summit meeting in South Africa of the so-called BRICS countries of major emerging nations.

"Every kind of solidarity between Russia and us really makes some jealous," Mr. Erdogan said during a joint appearance with Mr. Putin before they met privately. He did not elaborate.

Mr. Brunson's case, and the efforts to free him, has become a flash point in the relationship between the United States and Turkey.

Vice President Mike Pence met with members of Mr. Brunson's family on Thursday at the State Department, where he demanded the pastor's swift release, "or be prepared to face the consequences."

"If Turkey does not take immediate action to free this innocent man of faith and send him home to America, the United States will impose significant sanctions on Turkey until Pastor Andrew Brunson is free," Mr. Pence said during a ministerial meeting on religious freedom.

Mr. Brunson, who has done missionary work in Turkey for the past 23 years, is on trial on charges of terrorism and espionage, and faces up to 35 years in prison if found guilty of having links to two designated terrorist organizations.

One is a movement led by the American-based cleric Fethullah Gulen, whom Turkey accuses of instigating the 2016 failed coup, and the other is the insurgent Kurdistan Workers' Party.

Mr. Erdogan has repeatedly requested the extradition of Mr. Gulen from the United States. The Turkish president has suggested that he would hand over Mr. Brunson if American officials agree to return Mr. Gulen to Turkey from the guarded estate in Pennsylvania where he currently lives.

On Thursday, Mr. Erdogan's spokesman criticized the United States for failing to target Mr. Gulen's organization, which Turkish officials refer to by the acronym FETO, for Fethullah Terror Group.

"The United States must reconsider its approach and adopt a constructive position before inflicting further damage to its own interests and its alliance with Turkey," the spokesman, Ibrahim Kalin, said in a statement.

Congress has also worked to intensify pressure on Turkey to release Mr. Brunson and the other Americans being held by Mr. Erdogan's government.

The Senate Foreign Relations Committee approved legislation on Thursday that would direct American officials to reject international loans to Turkey until its government stops "arbitrarily" detaining United States citizens and embassy employees.

"We never wanted this bill to be necessary, but we warned the Turkish government that there would be consequences if it did not cease its unjust detention and harassment of U.S. citizens and locally employed embassy staff," Senator Bob Corker, Republican of Tennessee and the chairman of the committee, said in a statement.

Former officials said it was highly unlikely that the Trump administration would impose broad sanctions on the Turkish government or Mr. Erdogan, saying they could not recall a time when the United States had imposed such penalties on a longstanding ally that is a member of the North Atlantic Treaty Organization.

"In the scheme of Turkey, it's fairly crazy," said Richard Nephew, former principal deputy coordinator for sanctions policy at the State Department during the Obama administration. "It's not where we've had to go before."

But the administration could target individuals involved in Mr. Brunson's case through a law known as the Magnitsky Act, which authorizes sanctions on foreign government officials for human rights abuses, or takes other punitive measures such as applying visa restrictions to Turkish travelers.

The Treasury Department referred questions about the sanctions to the White House, which declined to preview any coming announcement.

Alan Rappeport contributed reporting.

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#### Trump Administration Threatens To Punish Turkey Unless It Frees Detained American Minister (Wilkinson, LAT)

Thursday, July 26, 2018 Los Angeles Times By Tracy Wilkinson

At a conference Thursday affirming the U.S. commitment to global religious freedom, Vice President Mike Pence threatened economic sanctions against Turkey if its government fails to release an American minister being held there.

Pence denounced Turkey's 2-year-long imprisonment of Protestant minister Andrew Brunson and threatened to

impose harsh economic sanctions on the government of President Recep Tayyip Erdogan if Brunson is not freed.

Brunson was released from Turkish prison this week but placed under house arrest. Turkey accuses him of having a role in a failed 2016 military coup that led to a government crackdown that has jailed thousands of people.

President Trump later echoed Pence on Twitter, saying Brunson was "a great Christian, family man and wonderful human being" who was "suffering greatly."

"This innocent man of faith should be released immediately!" Trump wrote.

Trump said his government would impose "large sanctions" on Turkey, but gave no time frame or other details.

Pence called the matter an example of the kind of religious intolerance that the U.S. wants to end.

"Those nations that reject religious freedom breed radicalism and resentment in their citizens," Pence said. "They sow the seeds of violence within their borders — violence that often spills over into their neighbors and across the world."

His comments came at a State Department conference on religious freedom, which has become the centerpiece of the Trump administration's focus on global human rights, sometimes to the exclusion of other areas, such as reproductive or gay and lesbian rights, critics say.

Citing what he called Trump's "unwavering commitment" to religious freedom, Secretary of State Michael R. Pompeo said the right to worship without persecution "is a fundamental American liberty" that the administration seeks to promote internationally.

"The United States advances religious freedom in our foreign policy because it is not exclusively an American right," Pompeo told the conference. "It is a God-given universal right bestowed on all mankind."

The three-day conference, held at the State Department with dozens of international delegations in attendance, wrapped up Thursday. State Department officials had repeatedly declined reporters' requests for a list of attendees until the final day. Though billed as a ministerial-level conference, many delegations were represented by ambassadors stationed in Washington.

Several sufferers of religious persecution, including a Yazidi woman who escaped capture by the militant group Islamic State, also attended and testified.

Among countries that Pompeo singled out for criticism was Myanmar, also known as Burma, where the military has committed what the State Department calls ethnic cleansing of thousands of Muslim Rohingya.

He announced a State Department program that will bring to the United States foreigners "working on the front lines" of religious rights for workshops, training and other support.

Pence cited the repression of Tibetan Buddhists and Muslim Uighurs by China; North Korea's "unyielding, systematic and often fatal" abuse of Christians; attacks on Jews in Europe; and persecution of all faiths in Iraq and elsewhere by Islamic State.

Pence gave special attention to a newer problem: Nicaraguan President Daniel Ortega's deadly attacks on the Catholic Church in the Central American nation. More than 300 people have been killed in Ortega's crackdown on anti-government protests over the last several months.

Mick Mulvaney, director of the Office of Management and Budget, who spoke Wednesday, accused the Obama administration of using "our U.S. taxpayer dollars ... to discourage Christian values" by withholding financial assistance from countries that ban abortion or gay marriage. Human Rights Watch, among other groups, condemned Mulvaney's comments as a "false narrative" to promote the administration's conservative agenda.

Several conservative speakers suggested that laws that protect the rights of gays and lesbians impose unfair restrictions on practicing one's religion.

Those comments brought rebuke from several activists.

"You can never gain religious freedom by violating the religious and human rights of others," said the Rev. Patricia Ackerman, director of the Ethics of Reciprocity Project, which advocates on behalf of the gay community.

Other complained that by "doubling down" on religious freedom, the administration was neglecting other important human rights.

"How much room do you have to focus on other things," said Jeremy Kadden, senior international policy advocate for the Washington-based Human Rights Campaign.

Sam Brownback, the U.S. ambassador at large for international religious freedom, has said that the emphasis on ending religious persecution will impact a variety of human rights.

"This is a foundational human right," Brownback said last month when he announced plans for the conference. "You do religious freedom, and a whole series of better human rights come out of it."

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# Trump Warns Turkey Of Sanctions Over Detention Of Pastor Andrew Brunson (Donati, WSJ)

President made threat on Twitter a day after pastor was moved to house arrest

Thursday, July 26, 2018

Wall Street Journal

By Jessica Donati

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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## Arson Linked To Deaths In Greek Town Built Like 'Fire Trap' (Kantouris, Gatopoulos, AP)

Thursday, July 26, 2018

**Associated Press** 

By Costas Kantouris And Derek Gatopoulos

ATHENS, Greece (AP) — Greek authorities said Thursday there were serious indications that a deadly wildfire that gutted a vacation resort near Athens was started deliberately, while experts warned that the devastated coastal town had been built like a "fire trap," with poor safety standards and few escape routes.

The death toll from Monday's blaze east of the Greek capital rose to 82 as rescuers and divers continued to search for more bodies in burnt-out homes and at sea, where hundreds fled to try to escape the inferno.

Public Order Minister Nikos Toskas said satellite image analysis of the deadly fire and a second blaze that broke out Monday on the other side of the city indicated both had been set in multiple places within a short time frame.

"We have serious indications and significant findings of criminal activity concerning arson," Toskas said. "We are troubled by many factors, and there have been physical findings that are the subject of an investigation."

He declined to provide more details.

U.S. military officials told The Associated Press Wednesday that they had been helping Greece gather images of the fire-ravaged areas with combat drones and Navy surveillance aircraft.

Fires near populated areas in Greece are often blamed on arsonists believed to be targeting forest land for development, but arrests are rare.

Most casualties were found at Mati, some 30 kilometers (18 miles) east of Athens, a small seaside resort filled with summer homes and apartments owned by retirees. A group of experts from the University of Athens' Faculty of Geology

and Geo-environment said the layout of the resort had acted like a "fire trap" with access to the sea hampered by cliffs, and homes built in wooded areas with little provision for fire safety.

The study also noted that the resort had narrow roads, numerous dead-ends, and was poorly sign-posted, meaning visitors could not easily reach a nearby main road.

Messages of support continued to come in on social media and in letters to the Greek government. They included a letter from Britain's Queen Elizabeth and an Instagram post from Brazilian soccer legend Ronaldinho, showing him pictured in prayer with a comment in Greek that read: "I'm hurting for Greece and Athens. Courage Greek bothers, my thoughts and prayers are with you."

Authorities, meanwhile, were still struggling with the identification of charred bodies. Germany's federal criminal police said a team of its forensics specialists was in Greece to help authorities identify the dead. The team members have worked on major disasters, including the 2004 Asian tsunami and a 2002 mid-air collision of a Russian charter flight and a DHL cargo plane over southern Germany that killed 71 people.

At a morgue in Athens where identification efforts were centered, relatives were informed about the steps needed to match the bodies held there to a missing person, including providing DNA samples and dental records.

"The procedure is difficult, harder than that of other mass disasters which we have dealt with in the past as a forensics department," coroner Nikolaos Kalogrias said. "Here, the main cause of death was burning, in most cases the complete burning (of the body), so identification is very difficult."

Thanassis Moraitis went to the morgue searching for his 90-year-old mother.

He had tried to drive away with his mother, wife and 19-yearold son, but the fire was moving too fast. They had to abandon the car and started running to the beach and into the water. Moraitis suffered burns to his leg from the extreme heat; his mother didn't make it.

"In the sea, there was a rain of fire, there was smoke, there was a Force 12 wind," the 53-year-old Moraitis said, adding that boats rescued him, his wife and son after about three hours.

"I didn't even get a chance to say goodbye to my mother."

Associated Press writers Elena Becatoros, Thanassis Stavrakis and Menelaos Hadjicostis in Athens contributed to this report.

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## 'Serious' Signs Arson Started Deadly Greek Wildfire (Duperry, AFP)

Thursday, July 26, 2018 AFP

By Odile Duperry

Athens (AFP) – Greece's government said on Thursday there were "serious" indications the fire in which most of the 82 people who perished in the country's worst ever wildfires died may have been started deliberately.

"A serious piece of information has led to us opening an investigation" into possible "criminal acts" behind the starting of the fire on Monday that ravaged the coastal region of Mati east of Athens, Deputy Citizen Protection Minister Nikos Toskas said.

He said authorities were also examining whether another fire, which broke out hours earlier on Monday near Kineta to the west of the Greek capital, was "intentionally" lit. No one died in the Kineta fire.

"There are testimonies but I cannot say anything more now," Toskas added at a news conference in Athens, which was attended by government spokesman Dimitris Tzanakopoulos and fire and police chiefs.

Toskas also stressed that "climate conditions were extreme due to climate change".

Officials citing information from satellite maps have said that 13 fires broke out at the same time across the region of Attica – which includes Athens – on Monday.

As family members helped to identified the bodies of the dead on Thursday, anger has mounted over how authorities could have let the disaster happen.

Government spokesman Tzanakopoulos sought to address the criticism, saying that "the evacuation of Mati was not possible because the phenomenon only lasted an hour and a half".

He added that the winds, which reached 120 kilometres (75 miles) an hour, were "the strongest recorded in the last eight years".

The government has also announced a raft of measures to compensate those affected by the fires.

#### - Death toll rises -

An 82nd person was pronounced dead Thursday by a fire service spokeswoman, without specifying whether they were found by rescuers or died in hospital.

After waiting for rain to put out the fires, heavy downpours on Thursday afternoon caused flash floods that stranded dozens of motorists and damaged dozens of cars. But no-one was hurt in the flooding, authorities said.

The fires struck coastal villages popular with holidaymakers and burned with such ferocity that most people fled to the safety of the sea with just the clothes on their backs.

Survivors spoke of harrowing scenes including entire families burned alive in their homes.

"We were alone, there was nobody to help us. Everybody did what they thought they had to do to survive on their own," resident Evi Kavoura told AFP.

"I feel a pain in my heart, a very heavy load."

There was still no official word on the number of people missing after the catastrophe, but the death toll of 82 already makes this Europe's deadliest fire outbreak this century.

The fire service said firefighters were still searching for people reported missing by their relatives, while public ERT television said around 30 bodies had been formally identified.

A website set up by residents lists 27 people still unaccounted for, including nine-year-old twin girls.

- 'Greeks help each other' -

The swiftly moving flames on Monday evening overtook some terrified residents and tourists in their homes and others as they tried to flee in cars or on foot. AFP photographers saw the burnt bodies of people and dogs.

Some 187 people were hospitalised, with 71 still being treated as of Wednesday evening, including almost a dozen children, most of whom were in a "serious condition", the fire services said

In addition to 10,000 euros to the immediate relatives of someone who died, the government said it would provide 5,000 euros per property affected.

It said that of the almost 2,500 homes surveyed by experts after the fire, almost half were now uninhabitable.

The widow of Greece's most renowned filmmaker Theo Angelopoulos said the late director's house and personal archives had been lost in the fire.

The disaster unleashed a wave of solidarity and many survivors were being looked after by voluntary organisations,

who were providing them with accommodation, clothing and food.

Amid mountains of food and baby nappies in a gymnasium in Rafina, near Mati, one of the volunteers, Joanna Kefalidou, an English teacher on vacation, said: "We're Greeks and Greeks tend to come together in times of need and help each other as much as they can."

- 'Left to God's mercy' -

The government of Prime Minister Alexis Tsipras has announced a relief fund open to donations worth an initial 40 million (\$47 million) euros to help affected areas.

But the measures did little to assuage anger over how such a disaster could happen just a few kilometres from Athens.

Defence Minister Panos Kammenos was heckled Thursday as he visited the scene of the fires.

"You left us to God's mercy, there's nothing left," shouted one resident.

But Kammenos went on the counter-attack, telling the BBC that illegal construction in the past was also to blame for the disaster.

The "majority" of houses on the coast had been built without the proper licences, he said.

"After this tragedy I think it is the moment to understand that it's dangerous for them and for their families to not follow the rules and the laws," the minister said.

The wildfires come as record temperatures in northern Europe have also seen blazes cause widespread damage in recent days.

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#### Volunteers Rush To Help Greece Fire Victims (AFP)

Friday, July 27, 2018 AFP

Rafina (Greece) (AFP) – Schools in the Greek port town of Rafina are unusually busy for summer – overflowing with donations and volunteers, showing the vast wellspring of local solidarity for victims of deadly fires.

"You see this girl? Her house burned down, and now she's here every day helping," said Anastasios Moustikadis, pointing to a teenager tidying bottles of water.

The 40-year-old, who organises donations at the primary school-turned-warehouse, himself lost one of his closest friends in the fires when they destroyed the neighbouring village of Mati.

"I will go to his funeral Sunday, that's the only break I'll allow myself," said Moustikadis, as a batch of volunteers arrived to help distribute donations by car.

In the hours after Monday night's tragedy, when more than 80 people died — mostly suffocated by smoke or burned alive in the terrible blaze — a vast wave of solidarity swept the country.

"Mati looks like a war zone, it's unbelievable," said Zoi Pantelidou, 26, who has been volunteering at the town hall since Tuesday, coordinating volunteers and donations.

"I can't tell you exactly how many (volunteers) there are, the number grows every day," said Savvas Arapkilis, deputy mayor of the city.

On Thursday, dozens of people, mostly teenagers and young adults, gueued patiently to register for volunteering duties.

"They are the children of the crisis, they know that we need solidarity and to work together," said Moustikadis.

#### Volunteer nation –

Greece, hit by years of austerity and on the front lines of Europe's immigration crisis, has learned to rely on an organised civil society, in the face of underfunded public services stretched to breaking point.

Free dispensaries, citizen canteens and volunteer activities for refugees have flourished across the country.

The momentum after the fire has been such that Rafina's mayor Evangelos Bournous has had to appeal to citizens to stop sending food, saying they "cannot manage any more". Four municipal buildings are already overflowing with donations.

"Would you like some water," a teenager asks an elderly couple who are busy trying to clean up their charred house in Mati.

It's the third team to offer them water and food in less than a quarter of an hour.

"I take the water every time," said Sophia Tsaganou Profitou.

"It could be a month until they've restored the water," added the septuagenarian. The electricity is also cut.

Patrols by teams of volunteers has allowed them to discover critical humanitarian situations which could have escaped the authorities.

But sometimes, volunteers are patrolling an area where no residents are left. At burned houses, short notes have been scrawled outside: "We're fine" plus a mobile number at which they can be reached.

"What we're doing is just a drop in the ocean, but I couldn't continue my holiday as if nothing had happened," said 17-year-old Photini, wearing a paper mask to protect against the smell of smoke which still envelops the burned village.

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#### As Anger Grows, Greek Government Announces Fire Aid (Stamouli, WSJ)

Death toll climbs to 83, as the number of missing remains unknown

Thursday, July 26, 2018

Wall Street Journal

By Nektaria Stamouli

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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### Taxation Strangles Greece's Growth Prospects (Stamouli, WSJ)

Thursday, July 26, 2018 Wall Street Journal

By Nektaria Stamouli

Full-text stories from the Wall Street Journal are available to

Journal subscribers by clicking the link.

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#### Thousands Protest Disputed Judicial Reforms In Poland (AFP)

Thursday, July 26, 2018 AFP

Warsaw (AFP) – Thousands of anti-government protesters hit streets across Poland on Thursday night to rally against a string of judicial reforms that the EU has dubbed a threat to judicial independence and the rule of law.

The demonstrations are the latest salvo in a bitter battle over sweeping judicial changes introduced by the right-wing Law and Justice (PiS) government.

They have led the EU to trigger unprecedented proceedings against Poland over "systemic threats" to the rule of law that could see its EU voting rights suspended.

Chanting "Shame!", "Free courts!" and "We'll defend democracy!", several thousand protesters rallied in front of the presidential palace in Warsaw just hours after PiS-allied President Andrzej Duda signed into law a controversial measure effectively allowing the government to pick the next Supreme Court chief justice.

Warsaw lawyer Bozena Rojek, 68, said she had returned to protest on the same street where she had rallied against the Communist Party's brutal 1981 martial law crackdown on the freedom-fighting Solidarity trade union.

"I fought for democracy so that there would be free courts, so that we live in a free country with the rule of law," she told AFP.

"Today everything's crumbling right before our eyes," Rojek added.

- Haunted by communism? -

The new law signed on Thursday by Duda is part of a string of PiS judicial reforms aimed at replacing judges all the way up to the Constitutional Tribunal and Supreme Court.

Brushing aside concerns about democratic standards, the PiS insists the reforms tackle corruption and overhaul a judicial system still haunted by Poland's communist era.

Around a third of the Supreme Court's 73 judges, including chief justice Malgorzata Gersdorf, have been forced to retire early under the PiS-authored law.

Rejecting it as breaching her constitutionally guaranteed sixyear term that ends in 2020, Gersdorf has refused to go, winning widespread backing from fellow Supreme Court judges, Europe's top judicial and bar authorities and rights groups.

The law signed by Duda on Thursday is intended to speed her replacement by allowing the next chief justice to be chosen when 80 judges are appointed to the Supreme Court, down from 110, a near-full roster of its 120 justices.

The EU has also questioned the Supreme Court reforms as undermining judicial independence thus breaching Poland's obligations under EU law.

Warsaw has until early August to respond to the commission's formal announcement, the first stage of a procedure that could end up in the European Court of Justice, the bloc's top tribunal, where the law could be struck down.

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#### Poles **Protest President's Approval** Of **Judiciary Changes (AP)**

Thursday, July 26, 2018

**Associated Press** 

WARSAW, Poland (AP) — Thousands of people in Warsaw and other cities in Poland are protesting against the latest moves by the ruling right-wing party aimed at helping it take control of the Supreme Court and other courts.

A crowd singing the national anthem and holding lights gathered late Thursday before the Presidential Palace in Warsaw to show their disapproval after President Andrzej Duda signed the latest legislation into law.

The legislation makes it easier to choose the Supreme Court's chief justice, a position that is currently at the center of a political battle. The ruling party has cut short the justice's current term, in apparent violation of the constitution.

Despite criticism at home and abroad, the ruling party's leader insists the changes will benefit the judiciary.

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#### Algae Blooms Force Poland To Shut Down 50 **Baltic Sea Beaches (AP)**

Thursday, July 26, 2018

#### **Associated Press**

WARSAW, Poland (AP) — Thinking of a dip in the Baltic Sea to cool off from the unusually scorching European summer? It's too hot for that.

Authorities in Poland this week banned swimming at over 50 beaches along its Baltic coast, after hot weather led to the toxic growth of bacteria in the unusually warm sea. Baltic Sea water temperatures exceeded 23 degrees Celsius (73.4F) in some places Thursday.

Emergency water rescuers told vacationers on hot sandy beaches — from Swinouiscie in the west to Gdynia in the east — not to enter the sea, where thick green-brown cyanobacteria colonies have grown and pose a health threat.

Regional sanitation authorities have issued warnings that contact with the bacteria may cause allergies and rashes. Drinking contaminated water can also lead to serious digestive problems.

The Baltic Sea has not seen such intense growth of cyanobacteria for 12 years. It results from exceptionally high air temperatures of 34 degrees Celsius (93.2 degrees Fahrenheit) that have raised the temperatures of the usually cold Baltic.

A similar ban has been issued for some inland lakes and reservoirs, such as the Zegrze Resevoir near Warsaw.

In neighboring Germany, authorities issued a warning about the higher than usual growth of vibrio bacteria in the warm Baltic that can cause deadly illness in people with compromised immune systems. They said a 70-year-old man with a chronic illness died of vibrio infection over the weekend, and warned elderly people and those with chronic illnesses such as diabetes or HIV to avoid contact with the sea or brackish water.

In Finland, the Loviisa nuclear power plant said in a statement it briefly reduced energy production in both its units Wednesday to prevent the Baltic Sea water that cools its infrastructure from getting too warm. It said there was no danger to people or the environment.

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## Armenia Charges Ex-president With Vote Rigging (AFP)

Thursday, July 26, 2018 AFP

Yerevan (AFP) – Armenia on Thursday charged former president Robert Kocharyan with rigging elections over a decade ago in favour of a political ally, in what investigators said amounted to a coup.

The ex-Soviet nation's new leader Nikol Pashinyan has launched a sweeping, anti-graft crackdown on former elites since he was brought to power in May on the back of popular protests.

The Armenian special investigation service said Kocharyan had been charged with "overthrowing Armenia's constitutional order".

Kocharyan, who is not currently in custody, could face up to 15 years behind bars if found guilty of tipping a 2008 vote in favour of his ally Serzh Sarkisian.

Supporters of the defeated opposition candidate Levon Ter-Petrosyan came out to protest after he denounced the vote as fraudulent.

Tensions erupted into violent clashes between riot police and Ter-Petrosyan's supporters, in which nine protesters and one officer were killed.

Pashinyan was arrested for organising the protests and sentenced to seven years in prison, but was released as part of an amnesty in 2011.

Sarkisian led the South Caucasus nation until April this year, when he was forced to resign because of mass protests against his rule. Pashinyan became his successor on a promise to stamp out graft.

A pro-Russian politician, Kocharyan served as Armenia's second post-Soviet president from 1998 to 2008.

His presidency saw the bloodiest event in Armenia's post-Soviet political history – the terrorist attack on the Armenian parliament in 1999.

Opposition parties have accused Kocharyan of organising the attack in which five gunmen killed his political foes, Prime Minister Vazgen Sargsyan and parliament speaker Karen Demirchyan.

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#### Ex-president Of Armenia Charged In Fatal Breakup Of Protest (AP)

Thursday, July 26, 2018 Associated Press

YEREVAN, Armenia (AP) — Former Armenian President Robert Kocharian has been charged in connection with the violent breakup of a 2008 protest in which at least eight people died.

Armenia's Special Investigative Service said Kocharian was charged on Thursday with breaching the country's constitutional order.

The demonstrators violently dispersed by soldiers and police were protesting alleged fraud in a presidential election held two weeks earlier. Term limits prevented Kocharian from running, but the candidate he supported — Serzh Sargsyan — was declared the winner despite complaints of vote-buying and ballot-stuffing.

Sargsyan held Armenia's presidency for 10 years before he transitioned to the office of prime minister this year under reforms that made the premiership more powerful. He stepped down after six days of massive protests over his appointment as prime minister.

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### EU Negotiator Rejects Key Element Of UK Govt Brexit Plan (AP)

Thursday, July 26, 2018 Associated Press

BRUSSELS (AP) — The European Union's chief Brexit negotiator says the bloc never would allow a non-member to collect customs on its behalf, delivering a blow to the British government's post-Brexit plans.

Britain had proposed a system in which it would initially process EU customs duties on goods that come into the U.K. but are destined for another country.

The government presented the idea as part of its latest batch of proposals to untangle the blocked divorce negotiations between Britain and the EU.

EU negotiator Michel Barnier met with his British counterpart, Dominic Raab, on Thursday.

Barnier say afterward: "The EU cannot and the EU will not delegate the application of its customs policy and rules...to a non-member who would not be subject to the EU's governance structures."

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### UK Pauses Cooperating With US On Trial Of 'Beatles' Jihadis (Kirka, Ahmed, AP)

Thursday, July 26, 2018 Associated Press

By Danica Kirka And Nishat Ahmed

LONDON (AP) — Britain's Home Office has temporarily suspended cooperating with U.S. authorities on the handover of two British jihadis allegedly linked to the Islamic State group until a judge reviews a decision that would allow the pair to be tried in the United States.

Defense lawyers wrote the government this week after leaked documents showed that British officials were willing to hand over El Shafee Elsheikh and Alexanda Kotey without assurances the men would not be subject to the death penalty if they were convicted in an American court.

"We have agreed to a short-term pause," the Home Office said in a statement Thursday. "The government remains committed to bringing these people to justice, and we are confident we have acted in full accordance of the law."

Elsheikh and Alexanda Kotey are suspected of being part of a notorious cell of British jihadis known for beheadings and barbaric treatment of hostages in Syria. The cell was nicknamed "The Beatles" because of their British accents. The British leader of the cell, Mohammed Emwazi, who was also known as "Jihadi John," was killed in a 2015 drone strike.

In 2014 and 2015, the group held more than 20 Western hostages in Syria and tortured many of them. It beheaded seven American, British and Japanese journalists and aid workers and a group of Syrian soldiers, boasting of the butchery in grisly videos.

Britain's The Daily Telegraph newspaper reported Monday that it had seen a letter from Home Secretary Sajid Javid to U.S. Attorney General Jeff Sessions about the two militants, who have been in custody in Kurdish-controlled northeastern Syria since they were captured earlier this year.

The government pause came after lawyers for Elsheikh demanded a judicial review of the decision to allow the men to be put on trial in the U.S.

Attorneys Gareth Peirce and Anne McMurdie said they wrote the government to outline why the decision was unlawful and "setting out an urgent timetable" for the case to be heard in court.

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#### Police Shut Gypsy Camp In Rome Despite EU Ruling (Somekh, AP)

Thursday, July 26, 2018 Associated Press By Simone Somekh

ROME (AP) — Police in Rome on Thursday cleared nearly 400 people, including dozens of children, from a shanty camp inhabited for years by members of the minority Roma community, despite a European Union court ruling halting demolition.

Residents stood outside the camp with mattresses and other belongings piled alongside vehicles, some protesting against the move with chants of "Racists!"

Some residents complained that police used force during the eviction. Police commander Antonio Di Maggio denied the claims.

Mayor Virginia Raggi wrote on Facebook that the shantytown, established in a former campground called Camping River on Rome's northern periphery, was closed for hygiene reasons. Parts of the camp had been without electricity and running water.

She said that the move was meant to provide greater protection to the Roma, especially minors, some of whom do not attend school.

"It is unacceptable to continue to finance places like this that create ghettos, and above all, where the living conditions don't protect the rights of children, women and men," Raggi wrote in a Facebook post.

The European Court of Human Rights on Tuesday asked Italian authorities to suspend action until Friday and outline plans to rehouse the community, following an appeal by three camp residents. But city officials said that they had long been working to relocate residents, and had delayed the planned closing by more than a year.

City spokesman Gennaro Barbieri said only 100 had accepted authorities' offer to move into government reception centers over the last few years, with another 43 joining them on Thursday.

Raggi noted that some who were not Italian citizens had returned to their native Romania in recent months.

While many members of Italy's sizeable Roma community, also known as Gypsies, are of Italian nationality, many living in the camp were from Romania, Kosovo, Bosnia and Serbia. Italian authorities periodically clear out squatter camps like Camping River where many live on the outskirts of big cities.

Mikhaila Dobreska, who had been living in the camp, accused police of using unnecessary force.

"They forced us out," she said. "They pushed all the women."

Another woman, Gordana Khardzic, claimed police used pepper spray, hitting one woman in the eyes.

"They slapped a girl. My sister-in-law fainted," she said.

Di Maggio said the entire operation was filmed, and told reporters that police had organized the operation to allow residents to leave calmly.

Journalists were kept outside during the operation.

Private Italian TV La7 showed groups of men driving away from the camp, some saying they were headed to Romania, others saying they were going to look for the next place to squat — probably under a bridge.

But dozens remained outside the closed camp gates, protesting plans to rehouse them elsewhere in the city.

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### Romanian Minister Says No Offense Meant In Auschwitz Comment (AP)

Thursday, July 26, 2018 Associated Press

BUCHAREST, Romania (AP) — Romania's agriculture minister said Thursday he did not intend to offend Jews when he compared the incineration of pigs with swine fever to the Nazi concentration camp Auschwitz.

Petre Daea attempted to clarify remarks made in a televised interview this week in which he said the burning of thousands of sick pigs was "very hard work, it's like Auschwitz."

Daea said he respected "all members of the Jewish community," and was merely trying to highlight difficulties face by pig farmers who have to incinerate livestock.

Two opposition parties— the Liberal Party and the Save Romania Union — and others have called for Daea to resign.

Israel's embassy in Romania expressed "dismay and disappointment" over the remarks Thursday, saying the death of six million Jews in the Holocaust "should never be forgotten, trivialized or minimalized."

Romania's Anti-Discrimination Council said it would summon Daea to explain the comments.

The chairman of the ruling Social Democratic Party, Liviu Dragnea, apologized to the Jewish community, saying the Holocaust was "a tragedy that should never be repeated." He added that Daea had not meant to be offensive, and urged him to avoid expressions "which can deeply offend."

Romanian authorities have reported 400 separate outbreaks of African swine fever in the Danube Delta and near the Hungarian border.

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### U.K.'s Jewish Papers Denounce Labour Party As 'Existential Threat' (Castle, NYT)

Friday, July 27, 2018
New York Times
By Stephen Castle

LONDON — Three Jewish newspapers in Britain charged on Thursday that a government led by the country's opposition leader, Jeremy Corbyn, would be an "existential threat" to their community — a coordinated attack that deepened a long-running crisis over accusations of anti-Semitism within his Labour Party.

In a move they described as unprecedented, The Jewish Chronicle, The Jewish News and The Jewish Telegraph all published the same scathing commentary on their front pages, under the headline "United We Stand." It protests Labour's decision to drop a passage about Israel from an internationally accepted definition of anti-Semitism that the party incorporated in its official code of conduct.

The Labour Party rejected the claims and said in a statement that it posed "no threat of any kind whatsoever to Jewish people," and was "committed to tackling and eradicating anti-Semitism in all its forms."

Yet for months Mr. Corbyn has been unable to close down a damaging dispute over allegations that, under his leadership, the party has failed to tackle anti-Semitism within its ranks. That has alienated lawmakers, faith leaders and parts of a

Jewish community in Britain that once saw Labour as a natural political home.

In March, demonstrators gathered outside Parliament in a protest intended to show that Jews no longer felt welcome in the party. That followed the revelation that in 2012, Mr. Corbyn had endorsed a mural that was widely considered anti-Semitic — something for which he has since apologized.

The latest rift concerns the failure of the party's national executive committee, its governing body, to accept the full text of the working definition of anti-Semitism compiled by the International Holocaust Remembrance Alliance. While Labour has adopted the document's definition, it has not accepted all of the 11 illustrative examples accompanying it.

In particular it rejects one that defines "claiming that the existence of a state of Israel is a racist endeavor" as anti-Semitic. Labour's objection is that the definition could be used to restrict unfairly how Palestinians or their supporters may describe their plight.

Mr. Corbyn, who comes from the activist left wing of the Labour Party, has long been a supporter of Palestinian causes and a critic of many Israeli government policies, though he insists that he opposes all forms of bigotry, including anti-Semitism.

Tensions are running high among Labour lawmakers, who have clashed over the issue, culminating in a confrontation last week in which Margaret Hodge, a veteran lawmaker, reportedly swore at Mr. Corbyn and described him as an anti-Semite.

Ms. Hodge now faces disciplinary proceedings, though that prospect has only raised the temperature, and one member of Mr. Corbyn's shadow cabinet, Nia Griffith, said that penalizing Ms. Hodge would be "completely absurd."

Labour lawmakers are scheduled to vote in September on whether to adopt the remembrance alliance definition's full wording, following discussions at a meeting earlier this week.

In their joint article, the three newspapers argued that they were taking the collective stance "because of the existential threat to Jewish life in this country that would be posed by a Jeremy Corbyn-led government."

Under the adapted guidelines, they argued, a Labour Party member would be "free to claim Israel's existence is a racist endeavor and compare Israeli policies to those of Nazi Germany, unless 'intent' — whatever that means — can be proved." Labour made the omission, they added, to avoid the expulsion of "hundreds, if not thousands," of party members.

The article also targeted the Labour leader personally, arguing that "the stain and shame of anti-Semitism has

coursed through Her Majesty's Opposition since Jeremy Corbyn became leader in 2015."

Stephen Pollard, editor of The Jewish Chronicle, described the coordination between the papers as "entirely unprecedented," and said that it was "utter nonsense" to suggest that incorporation of the examples would inhibit criticism of Israeli policy toward the Palestinians.

"If this is how they treat an ethnic community in opposition, when things get tough in government, what possible confidence can anyone have that they will protect us?" Mr. Pollard said of Mr. Corbyn's party.

In its response, the Labour Party said that its code of conduct on anti-Semitism "adopts the I.H.R.A. definition and expands on and contextualizes its examples to produce robust, legally sound guidelines that a political party can apply to disciplinary cases."

"We have concerns about one half of one of the I.H.R.A.'s 11 examples, which could be used to deny Palestinians, including Palestinian citizens of Israel and their supporters, their rights and freedoms to describe the discrimination and injustices they face in the language they deem appropriate," it said.

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#### Wildfires, Drought Hit Sweden's Sami Reindeer Herders (Karlidag, AFP)

Friday, July 27, 2018

AFP

By Ilgin Karlidag

Stockholm (AFP) – Sweden's unprecedented drought and devastating wildfires are destroying vital grazing pastureland for indigenous Sami reindeer herders, whose livelihoods are already under attack from mining and logging as global warming changes the face of the Arctic.

"Our winter land is burning," says Jonas Kraik, a 54-year-old herder, whose Sami village with as many as 8,000 reindeer is a popular tourist destination in the central Swedish region of Jamtland.

Jamtland is one of the areas worst hit by the wildfires, and another herder, Edvin Ensberg, 43, said he has lost at least 6,000 hectares (15,000 acres) of grazing land for his reindeer.

"The fires are extremely worrying and we cannot measure the exact consequences as we can't see due to the smoke," he told AFP.

"I doubt there will be any pasture for the reindeer to graze on in the winter," he said. The Sami – formerly called Lapps – have lived in the northern parts of Sweden, Norway, Finland and Russia, for thousands of years. They are the only people authorised to herd reindeer in Sweden.

While there are no exact figures regarding the size of the Sami population, it is estimated at between 80,000 and 100,000, spread across the four countries.

Semi-domesticated reindeer can be found across the northernmost part of Europe, and are raised for their meat, pelts, and antlers.

Every autumn, the reindeer are taken to their winter pasture to graze in the plains.

- 'Burning all around me'-

Margret Fjellstrom, a reindeer owner in Dikanas, a mountainous village 800 kilometres (500 miles) north of the capital Stockholm, was lucky to be spared the fires, but said the drought is taking its toll on her animals.

"It's extremely dry in the mountains... the calves get dehydrated and too weak to follow their mothers when grazing," she said.

There has been practically no rainfall in Sweden since the beginning of May, aside from a few millimetres in mid-June.

The Nordic country, where summer temperatures are usually closer to 23 Celsius, is under-equipped to deal with this kind of natural catastrophe and asked for help from Italy, Germany, Norway, Denmark, Poland and France to extinguish the blazes.

Marcus Rensberg, 35, who owns 5,000 reindeer in a village called Alvdalen – meaning river valley – 300 kilometres northwest of Stockholm, volunteered to help authorities put out the fires as 4,000 hectares of his grazing land was wiped out.

"It could take up to 30 years for the grazing land to be completely restored," he told AFP over the phone, coughing due to the smoke.

"It's burning all around me," he said before abruptly hanging up.

- 'Very tough winter' -

According to the Sami Parliament, the representative body for the Sami people, Sweden has 4,600 reindeer owners for just over 250,000 animals.

The current drought and fires are merely the latest in a long list of challenges facing the herders, as their land is eaten up by the mining and logging industries, and encroached upon by wind turbines.

Climate change is also making it difficult for the reindeer to find the lichen that form an important part of their diet, forcing herders to resort to more costly fodder.

"We've had a very tough winter. It was hard for the reindeer to dig out their food in the snow," Fjellstrom said.

A member of the Sami parliament, Marita Stinnerbom, said that some 34 million kronor (3.0 million euros, \$3.8 million) has been raised to pay for fodder following the previous winter.

Stinnerbom said the fires had to be extinguished before the exact damage could be determined and what measures should be taken to compensate the herders.

"The government is following the developments closely and is in contact with the relevant authorities," Tina Israelsson, a government spokeswoman, told AFP when asked about possible compensation.

Reindeer owner Marcus Rensberg said finding new grazing areas could prove difficult.

"The reindeer will go somewhere... I just don't know where that is," he said."

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### Russian Dissidents Find Haven In Lithuania (Vitureau, AFP)

Friday, July 27, 2018

**AFP** 

By Marielle Vitureau

Vilnius (AFP) – Journalist Yevgeny Titov, reporting from Crimea after Russia annexed the peninsula from Ukraine in 2014, understood the risk he was taking.

He is one of a growing number of Russians seeking asylum in Lithuania, a small staunchly pro-Western state that makes no secret of its wariness towards the Kremlin, its unwanted Soviet-era master.

"When I was reporting about the bridge being built (by Russia) to Crimea, my friends received an SMS saying that I had been murdered," Titov, 41, told AFP, speaking in the Lithuanian capital Vilnius.

Titov, working for the anti-Kremlin Novaya Gazeta daily in Moscow, received further death threats after exposing corruption surrounding the bridge project – prompting his move to Lithuania in 2016 on the advice of a friend.

Vilnius granted Titov political asylum in July.

More than 30 other Russian dissidents have also received asylum in the Baltic state, along with special protective status for family members, since 2014.

Dozens more have sought refuge here, as well as in nearby Estonia and Latvia – which like Lithuania are EU and NATO members.

All three are former Soviet-ruled republics that are now among Moscow's most vocal critics.

Vsevolod Chernozub, 32, was among the first to arrive in December 2013.

One of the leaders of the anti-Kremlin Solidarnost party, Chernozub decided to leave Russia during a heavy-handed crackdown triggered by mass protests against Putin's inauguration for a third Kremlin term in May 2012.

The demonstrations quickly descended into clashes with police.

Criminal charges were brought against around 30 demonstrators, many of whom were sentenced to prison terms of up to four-and-a-half years.

- They 'feel safe' -

While he could have sought refuge elsewhere in the EU, Chernozub says he chose Vilnius for practical reasons, notably because of the ethnic Russian community that settled in Lithuania during nearly five decades of Soviet rule.

"Lithuania is a country where you can still speak Russian on a daily basis," he told AFP. "My wife was pregnant at the time and she wanted a Russian-speaking doctor," he noted.

The Baltic state has welcomed dissidents, while underscoring its support for opposition circles in Russia.

"One of the principles (of our relationship with Russia) is to support civil society there," Lithuanian Foreign Minister Linas Linkevicius told AFP.

"Lithuania is a place where they (Russians) can feel safe and we are proud of it," he said.

The foreign ministry has held an annual forum for Russian opposition circles since 2013, and former Russian chess world champion Garry Kasparov, an outspoken Kremlin critic, hosts human rights events in Vilnius.

With the backing of the Lithuanian parliament, Russian dissidents spearheaded a move in May to rename a square outside the Russian embassy after Boris Nemtsov, the Russian opposition politician gunned down near the Kremlin in February 2015 by unknown assailants.

Their activism in Lithuania has not gone unnoticed by Moscow, according to Titov.

"The Russia 24 propaganda channel aired several reports about our initiatives. They called us all kinds of names. That just means that what we're doing is important," he told AFP.

- 'Russia Tomorrow' -

Titov now works as a journalist for the Russian service of Delfi, a popular news website with branches in all three Baltic states.

Chernozub, meanwhile, has teamed up with several fellow Russians to create the "Russia Tomorrow" website, an ironic allusion to "RT" formerly known as "Russia Today", Moscow's state-funded international broadcaster.

The new dissidents make up a tiny part of Lithuania's ethnic Russian minority, where pro-Kremlin views prevail.

The community accounts for about six percent of the Baltic state's overall population of 2.9 million.

All three Baltic states were deeply rattled by its annexation of Crimea from Ukraine, which prompted NATO to quickly ramp up its presence along its eastern flank.

Chernozub warned that the open atmosphere that reigned briefly in Russia during the football World Cup tournament could soon give way to fresh crackdowns on the opposition.

"During the World Cup the situation was frozen, with few protests and few arrests, but now I don't know what will happen," Chernozub told AFP.

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#### EAST ASIA & PACIFIC

## Taiwan Denounces China Moves To Limit Its Global Profile (AP)

Thursday, July 26, 2018 Associated Press

TAIPEI, Taiwan (AP) — Taiwan on Thursday denounced China's latest moves to increase its global isolation, saying residents of the self-governing island would reject attempts to deny its existence.

China in recent days has forced international airlines to stop referring to Taiwan as a separate country on their websites. It also allegedly prompted the Asian Olympic Committee to withdraw the island's right to host a youth competition scheduled for next year in the central city of Taichung.

"These are attempts to destroy Taiwan's sovereignty, and erase it from the world map," Foreign Ministry spokesman Andrew Lee told reporters at a news conference.

"I believe that no Taiwanese people would accept such a thing," Lee said.

Beijing's action is aimed at increasing Taiwan's isolation and prodding it toward a political union with China. Taiwan is already excluded from the United Nations and other major

international organizations, and China has been steadily poaching away the self-governing island's dwindling number of diplomatic partners.

Beijing has also stepped up its military threats by sending warplanes on patrols around the island and staging war games on its side of the Taiwan Strait.

It has also offered preferential terms for talented young people from the high-tech island to work in cities such as Shanghai and Beijing that offer much larger potential markets than those available in Taiwan.

China has taken an increasingly hard line since the election of Taiwanese President Tsai Ing-wen, who has refused to endorse Beijing's insistence that Taiwan is a part of China to be brought under its control eventually.

Tsai's office issued a statement Thursday criticizing the move to cancel the 2019 East Asian Youth Games in Taichung as "brazen and crude political meddling in sports."

"Taiwan condemns China's behavior in the strongest possible terms," the statement said.

Associated Press video journalist Johnson Lai in Taipei, Taiwan, contributed to this report.

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#### China Seeks Economic Boost As Trade Spat **Grows (Deng, WSJ)**

Recent measures are directed at an economy that has seen growth slow, and come amid trade conflict with the U.S.

Thursday, July 26, 2018 Wall Street Journal By Chao Deng

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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#### U.S. Embassy Street In Beijing Is Rocked By Blast (Buckley, Ramzy, NYT)

Friday, July 27, 2018 **New York Times** 

By Chris Buckley And Austin Ramzy

BEIJING — An explosion rocked the street outside the United States Embassy in Beijing on Thursday, rattling a diplomatically sensitive area in the Chinese capital.

Smoke filled the air on a street not far from where many Chinese citizens line up each day to apply for visas to the United States.

The blast happened around 1 p.m. and was heard from blocks away. The police said a man set off a device made from fireworks that injured his hand. The man, 26, was detained and sent to a hospital. His injuries were not life threatening and no one else was hurt, the police said.

"Other than the bomber, no other people were injured and there was no damage to embassy property," the embassy said in a security notice.

A visa agent who said he was about 30 feet away when the blast occurred said the source appeared to be an explosive device, set off by a man who had been trying to call attention to a human rights issue.

Later on Thursday, the Beijing police said that the man who detonated the explosives, identified only by the surname Jiang, had been suffering from hallucinations since 2016 and was diagnosed with a paranoid personality disorder. Investigators found a lighter, fragments of firecrackers and three unexploded firecrackers at the site of explosion, the police statement said. It did not say if the man would be arrested or confined for psychiatric treatment.

Earlier in the day, a woman who had also been protesting was arrested after dousing herself in gasoline, the agent said. It was not clear whether the two incidents were related.

Images shared on social media showed a large number of people looking toward the site of the explosion and gray smoke drifting over the street.

The street in front of the embassy, Tianze Road, which is also near the embassies of India and Israel, was closed for about an hour after the blast. Soon after the street reopened, a new line began to form outside the embassy compound.

The United States Embassy, in northeastern Beijing, is a wellprotected compound. The facility opened in 2008 with a dedication ceremony attended by then-President George W. Bush. Security inside the visa area is strict, with no electronic devices or large bags allowed inside.

China has a longstanding system that allows people to petition the government over grievances. But many petitioners say they never receive justice, and are deterred by security officials and hired thugs who assault and detain them. Some, after years of fruitless petitioning, turn to violence.

In 2013 a man who had been paralyzed from the waist down from a beating by security officials set off an explosive device in Beijing Capital International Airport, injuring only himself. Documents that circulated online revealed his long struggle to

receive compensation. "Almost without hope, petition road endless," he wrote.

A man who was reportedly angered by the lack of adequate redress for the demolition of his home set off three explosions outside government buildings in Jiangxi Province in 2011, killing himself and two others.

Chris Buckley and Sui-Lee Wee contributed reporting from Beijing. Zoe Mou and Katrina Northrop contributed research.

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## Small Bomb Set Off Outside US Embassy In Beijing (Onyanga-Omara, USAT)

Thursday, July 26, 2018 USA Today By Jane Onyanga-Omara

A man set off a small homemade bomb outside the U.S. Embassy in Beijing on Thursday, injuring only himself, Chinese police and U.S. officials said.

Photos posted on Twitter showed a large amount of smoke and what appeared to be police vehicles surrounding the building.

The Beijing Police Department identified the 26-year-old suspect only by his surname, Jiang, and said he was from Tongliao city in the Chinese region of Inner Mongolia.

Jiang was injured on the hand by the device, which was made from fireworks, when it exploded at about 1 p.m. local time, police said.

The motive isn't known and the investigation into the incident is continuing.

"There was one individual who detonated a bomb. Other than the bomber, there were no injuries. The local police responded," an embassy spokesperson said in a statement carried by CNN.

It came after reports of an explosion or fire outside the embassy, in the northeast of the Chinese capital.

Earlier Thursday, state media reported that a woman sprayed gasoline on herself in a suspected self-immolation attempt outside the embassy.

Global Times, the ruling Communist Party's newspaper, said police detained the woman and took her away at around 11 a.m. local time.

China and the U.S. are in the middle of a trade dispute, but America remains a hugely popular destination for travel, education and immigration for Chinese citizens.

Contributing: The Associated Press

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### Explosion Near U.S. Embassy In Beijing (Chen, Dou, WSJ)

The man who detonated the device was injured, but no others were hurt in the incident

Thursday, July 26, 2018

**Wall Street Journal** 

By Te-Ping Chen And Eva Dou

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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#### Hong Kong Radical Is Test Case In China's Bid To Limit Speech (Follain, Lung, BLOOM)

Thursday, July 26, 2018 Bloomberg News

By John Follain And Natalie Lung

Independence activist Andy Chan was minutes into an openair debate in Hong Kong's Victoria Park when an opponent suggested his actions might be as dangerous as terrorism.

"Do you see any guns on me now?" Chan shot back, his arms spread wide. "You can search me."

The exchange on a sweltering Sunday afternoon, as hundreds of maids picnicked nearby, was just one volley in a debate that has gripped the former British colony for more than three years: How much should Hong Kong tolerate activists like Chan who seek the city's separation from China?

Earlier this month, Hong Kong's government threatened to ban Chan's pro-independence National Party, a move unprecedented since the city's return to Chinese rule in 1997. More moderate democracy advocates who disavow Chan's views fear the action could soften the ground for broader efforts to curb the freedoms that help multinational companies thrive in the global financial hub.

"China and the Hong Kong government are shrinking and shrinking the political space for freedom of expression," said Chris Ng of the Progressive Lawyers' Group. Ng said they were building a case to revive a national security law – known as Article 23 – that the government abandoned after half a million protesters flooded the streets in 2003.

While Hong Kong Chief Executive Carrie Lam has declined to commit to a time frame for advancing the legislation, Chinese authorities have expressed impatience with the inaction.

The proposed ban on the National Party, which could take effect as soon as Aug. 7, is the latest attempt to squelch a small but consequential independence movement that sprung up after mass "Occupy" protests in 2014 failed to win any democratic reforms. In 2016, the Chinese government

reinterpreted local law to ban such activists from public office, and local officials earlier this year barred a legislative candidate from running because she supported "self-determination."

President Xi Jinping warned during a visit to Hong Kong last year that any challenge to China's rule was "an act that crosses the red line, and is absolutely impermissible." Lam struck a similar tone when asked about the ban Wednesday before beginning a four-day trip to Beijing: "Any speech or acts that advocate Hong Kong independence cannot be tolerated and would most certainly face suppression."

The lanky and soft-spoken Chan, 27, is among a generation of activists who emerged from the 2014 protests favoring a sharper break with China. Standing outside a McDonald's, Chan bought a megaphone and urged protesters to occupy roads, emulating the sit-ins that closed down three business districts.

"Halfway through Occupy, I realized that when we were asking for democracy from the Hong Kong government, we were actually asking or begging for democracy from the Beijing government," the business administration and engineering graduate said while sipping Earl Grey tea in an interview July 20. "I thought that if we break away from China, we would have democracy."

Others had the same idea. A patchwork of "localist" groups emerged across Hong Kong, some favoring a vote on the city's future, others backing a violent break if necessary. After members of one organization participated in a February 2016 riot that left scores of police officers injured, authorities vowed to crack down on the "radical separatists."

The next month, Chan launched a Facebook page with "30 to 50" members to start his Hong Kong National Party, evoking the Nationalist Party deposed by the Communists in the Chinese civil war. He was among the first candidates barred from running in local legislative elections on the grounds that his views violated the city's Basic Law, a mini-constitution that calls Hong Kong "an inalienable part of" China.

Now, the Hong Kong government is arguing that the National Party's mere existence "poses a real threat to national security." On July 17, two police officers presented Chan with a 700-page dossier recommending a ban. It was based on transcripts of his public remarks, photographs of him distributing leaflets and his contacts with Tibetan and Taiwanese activists.

The report accused the party of "school infiltration," "inciting hatred against mainland people" and being willing to "use any effective measures to achieve their goal, including use of force," according to a copy Chan posted on Facebook.

Security Secretary John Lee gave the party three weeks to respond.

"I did not form an army. I didn't do any real actions but speeches. So now they consider what I have said on the radio is evidence I damaged national security," Chan said. Asked whether he ruled out the use of violence, he said people "need to fight back" if China deployed the military against protesters, like it did in Tiananmen Square in 1989.

"I do not advocate violence," Chan said. "I do not advocate we attack people pro-actively."

Even Chan admits independence is a long-shot. The U.K., which quickly lost Hong Kong to the Japanese during World War II, deemed the colony unsustainable without Chinese support. The city gets most of its food and electricity from the mainland, which also represented about half of its global trade last year.

"Independence is a stupid idea – Hong Kong can't be a country because we don't have military strength or even water," said Gary Mak, 25, a multimedia entrepreneur who attended the park debate Sunday. "The National Party should be banned because it challenges the Basic Law."

To ban the group, Hong Kong authorities are relying on a colonial-era law originally intended to break up criminal gangs. Democracy advocates are concerned that authorities are singling out the more extreme members of their fractious coalition to break opposition to a potentially more powerful legal weapon – Article 23.

The Basic Law provision requires Hong Kong to "enact laws on its own" to prevent secession, sedition and subversion, as well as restrict the activities of foreign political organizations.

As he prepared his response to the government's letter, Chan said he suspected that others would be targeted after himself.

"Self-determination and then democracy and then freedom of speech," he said. "They are just moving the red line and they will deal with one enemy at a time."

— With assistance by David Tweed

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### China Says It Isn't To Blame For Qualcomm Scrapping NXP Deal (King, BLOOM)

Thursday, July 26, 2018 Bloomberg News

By Ian King

China's regulators said it's unfortunate that Qualcomm Inc. decided to scrap its \$44 billion bid to acquire rival chipmaker NXP Semiconductors NV, a surprise statement a day after

the two companies abandoned their deal because they hadn't received regulatory approval by a deadline Wednesday.

China's State Administration for Market Regulation said its deadline for the current Qualcomm review is Aug. 15, with an extended deadline of Oct. 14. The statements appear to be aimed at shifting blame for the deal's failure to the companies, though Qualcomm and NXP said the reason was China's failure to give clearance more than 20 months after the deal's announcement.

The takeover fell apart amid escalating trade tensions between China and the U.S., with every other relevant jurisdiction in the world clearing the bid months ago. While China denied its decision had anything to do with the trade spat, Qualcomm Chief Executive Officer Steve Mollenkopf said "there were probably bigger forces at play here than just us."

Chinese regulators did say in their statement that they have given Qualcomm feedback on the proposed deal and that the company hadn't addressed its competition concerns. The agency also said it hopes to find solutions for the Qualcomm deal ahead of its deadlines. Chinese approval was needed because it's the world's single largest consumer of semiconductors and automobiles, markets in which both Qualcomm and NXP are important operators.

A Qualcomm spokesperson referred questions about the Chinese comments back to a statement made by the company earlier Thursday, which said the acquisition had been terminated.

The statement from the Chinese authorities represents yet another twist in a tortuous process. When the transaction was originally announced in October 2016, Qualcomm assured investors that approval would come by the end of 2017. The deal then became caught up in Broadcom Inc.'s hostile takeover attempt of Qualcomm and was targeted by activist investors who piled into NXP's stock, demanding a higher price.

To win over those investors and thwart Broadcom's approach, Qualcomm raised its offer price for NXP. In April, the two companies extended the agreement to Wednesday's deadline as Qualcomm worked out concessions with China. Final sign-off failed to materialize as a trade dispute swelled between the two countries, with U.S. President Donald Trump accusing the Asian nation of creating an unfair imbalance in trade between the world's two largest economies.

In an interview on CNBC earlier, Mollenkopf was asked why he didn't wait longer for China's approval.

"We thought it was important to bring certainty to the process, move on and really focus on the things that we said are going to drive value," he said.

— With assistance by Penny Peng

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#### Chinese Theft Continues In Cyberspace As New Threats Emerge, U.S. Intelligence Officials Warn (Harris, WP)

Thursday, July 26, 2018

Washington Post

By Shane Harris

China continues to steal intellectual property and trade secrets from U.S. companies for its own economic advancement and the development of its military but "at lower volumes" since the two countries forged an agreement in 2015 meant to curb the practice, according to a report published Thursday by American intelligence agencies.

The assessment, which also incorporates the findings of private sector security experts, comes amid roiling trade tension between the U.S. and China that has spawned dueling tariffs on billions of dollars worth of goods. It is unlikely to quell concerns from the White House that China continues to pose a significant threat to American companies.

The report shows that China mounts a multifaceted approach to stealing secrets, which include computer software source codes, chemical formulas, and technology that can be used in weapons systems. Though it relies on computer hacking, China also acquires technology and know-how through joint ventures and purchases of companies, academic and research partnerships, and front companies meant to "obscure the hand of the Chinese government" in order to acquire technologies governed by U.S. export controls, the report found.

The findings were published by the National Counterintelligence and Security Center, part of the Office of the Director of National Intelligence, which oversees all U.S. spy agencies.

In 2015, after the Obama administration threatened to impose sanctions on China, both countries agreed to refrain from conducting cyber operations for economic advancement. The deal was mostly one-sided, as the United States doesn't steal proprietary information and technology from other countries' for its own economic advancement, intelligence and security officials have said. (The U.S. does steal for political and strategic purposes.)

The report shows that while some progress has been made curbing Chinese economic espionage, its cyber operations continue and are focused on defense contractors or information technology and communications companies that provide products and services to support government and private sector information networks.

"We believe that China will continue to be a threat to U.S. proprietary technology and intellectual property through cyber-enabled means or other methods," according to the report. "If this threat is not addressed, it could erode America's long-term competitive economic advantage."

Intelligence officials are increasingly concerned about an emerging threat in which attackers target software manufacturers and distributors, rather than individual users. In these so-called "supply chain" attacks, software is manipulated — perhaps to install a backdoor for hackers to enter later — before it is installed or updated on a computer. The attacks can affect millions of people who download the software, often from sources they trust.

Recent evidence suggests the problem is pervasive and that companies are unprepared to manage it. Two-thirds of respondents in a survey commissioned this month by computer security company CrowdStrike said their organizations had experienced a supply-chain attack, with 90 percent of those incurring some financial cost.

The intelligence report called 2017 "a watershed in the reporting of software supply chain operations." Last year, seven "significant events" were publicly reported, compared to four between 2014 and 2016, the report found.

"Hackers are clearly targeting software supply chains to achieve a range of potential effects to include cyber espionage, organizational disruption, or demonstrable financial impact," the report said.

Among the most notable incidents cited by intelligence officials is one that affected a popular tool used to delete unwanted and potentially dangerous files from personal computers. More than one million computers downloaded an infected version of the program, CCleaner, which hackers then used to target technology companies, including Samsung, Sony and Intel, according to researchers.

Security analysts have found evidence they think links the attack to Chinese hackers, whom they believe broke into a British software maker to corrupt the popular CCleaner program.

Hackers also infiltrated software supply chains to conduct a devastating attack last year in Ukraine. The CIA has attributed that attack to Russian military hackers, who used a virus called NotPetya to delete information from computers used by banks, energy firms, senior government officials and an airport. The attack crippled Ukraine's financial system during a war with separatists loyal to Moscow.

The attack had significant financial costs to companies, including FedEx and Maersk, which each suffered \$300 million in damages, the intelligence report said.

The report warns that new laws and inspection regimes in foreign countries pose a risk to American firms.

Last year, China began requiring foreign companies to submit communications technology to a government-administered national security review. Companies that operate in China also must store their data there, which exposes it to government influence, the report noted.

Russia also "has dramatically increased its demand for source code reviews for foreign technology being sold inside the country," the report said.

The report singles out Russia and Iran as malign actors intent on penetrating U.S. computer systems and critical infrastructure.

Russia aims to use cyber espionage "to bolster an economy struggling with endemic corruption, state control, and a loss of talent departing for jobs abroad," the report said. Russian hackers have stolen intellectual property from U.S. health care and technology companies, and last year compromised operational networks at energy companies, the report found.

Iran targets American firms as part of what the report calls "a subset" of offensive cyber operations mostly focused on Israel and Saudi Arabia.

For instance, an Iranian hacker group called Rocket Kitten "consistently targets U.S. defense firms, likely enabling Tehran to improve its already robust missile and space programs with proprietary and sensitive U.S. military technology," the report said. Iranians are also targeting aerospace and civil aviation firms, financial institutions, and energy sector companies.

To combat old and evolving threats, the U.S. government is taking a range of actions, including trying to collaborate more with business and computer security experts to stay abreast of threats and either stop them from happening or manage the fallout.

The report said that the U.S. will continue to use other countermeasures including attributing attacks to particular countries, diplomatic demarches, economic sanctions and law enforcement actions.

In recent years, the Justice Department has indicted foreign citizens for computer hacking. And while many of those accused aren't likely to see the inside of an American courtroom, some experts believe the legal actions have had a deterrent effect particularly in China, where the national government has come to realize that to be taken seriously as

a world economic power, it has to curtail its aggressive economic espionage.

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## Scuttled Qualcomm-NXP Deal Is A Win-Win For Beijing (Strumpf, WSJ)

By failing to approve deal, Beijing slows Qualcomm's expansion, flexes trade-fight muscles

Thursday, July 26, 2018

**Wall Street Journal** 

By Dan Strumpf

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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#### A #MeToo Reckoning In China's Workplace Amid Wave Of Accusations (Hernández, Zhao, NYT)

Friday, July 27, 2018 New York Times

By Javier C. Hernández And Iris Zhao

BEIJING — The women recount being forced into sex by bosses and trusted co-workers. They speak of being shunned by friends and discouraged by the authorities from pressing charges. They recall being told their lives would be ruined if they spoke up.

In gripping open letters posted on social media sites, more than a dozen Chinese women have come forward in recent days with accusations of sexual assault and harassment against prominent Chinese journalists, intellectuals and charity leaders.

The outpouring of allegations has been a focus of discussions on the internet in China and given momentum to the country's fledgling #MeToo movement, which has struggled amid government censorship and a male-dominated society that often shames victims of sexual assault.

Most of the accusations were published on Weibo, China's Twitter-like service, and have since circulated widely on a variety of social platforms.

While the letters, many of them anonymous, do not appear to have been part of a coordinated campaign, they offer a collective indictment of the patriarchal culture that pervades Chinese society.

In a letter published on Wednesday, a woman accuses a well-known Chinese intellectual, Zhang Wen, of raping her after a dinner party and telling her, "You can never shake off the fate of becoming my woman." Mr. Zhang said the sex was consensual.

In another letter published on Thursday, a former intern at CCTV, the state-owned broadcaster, says an anchor at the network, Zhu Jun, molested her in 2014 in his dressing room. When she went to the police, she says, the authorities suggested she should drop the case to avoid harming the "positive" image of Mr. Zhu and CCTV.

"This is the world we live in," she wrote, lamenting the prevalence of harassment.

Mr. Zhu, the CCTV anchor, could not be reached for comment. The former intern who accused him of molesting her in a dressing room, who published her letter anonymously, recounted the incident in a telephone interview on Thursday. She declined to be named, citing fears for her family's safety.

Activists for gender equality say they see the burst of accusations as a sign that China's #MeToo movement, which has so far been mostly limited to university campuses, is spreading to the workplace.

"It's only the beginning of 'Me Too' in China," said Li Tingting, an activist for gender equality. "The men-dominant structure is everywhere. The rape culture is still powerful."

Once a champion of gender equality, the Chinese government has greeted the #MeToo movement cautiously. Some officials are nervous about its foreign roots and see it as a force for disruption in a society that prizes stability.

The government has deployed censors to limit the movement's spread. As the letters by the women appeared this week on social media, censors went into action, banning the English #MeToo hashtag on social media sites and deleting some letters.

Still, the accusations have prompted vigorous online debate within China, with some posted comments applauding the women for coming forward and others accusing them of seeking fame.

Several of the men denied the accusations.

In a statement on Wednesday, Mr. Zhang, the intellectual, acknowledged having sex with the woman who wrote the letter, but he described it as consensual. Several other women, including the writer Jiang Fangzhou, have since accused him of harassment.

Mr. Zhang, who has worked at China Newsweek and written for international publications, said in the statement it was common for colleagues in the media industry to hug and kiss after drinking together.

The wave of allegations this week extended beyond the media industry to the nonprofit sphere.

An advocate for hepatitis B patients, Lei Chuang, resigned on Monday from the charity he founded after a co-worker accused him of assaulting her after a hiking trip. Then, the environmentalist Feng Yongfeng resigned from his charity on Tuesday after being accused of harassing several women.

That the resignations came so swiftly was surprising in a country where accusations of abuse and harassment against women are often ignored and laws on rape and harassment are vague.

The #MeToo movement in China was initiated earlier this year on university campuses, as students circulated open letters decrying sexual misbehavior by professors and demanding better protections. There were some signs of success, with universities agreeing to do more to investigate cases of abuse and increase awareness about sexual harassment.

But the activism ran up against the country's strict limits on free speech. In April, students and professors denounced the leadership of Peking University for trying to stifle activism about sexual harassment.

Experts say it will be difficult for the #MeToo movement to take on government officials or prominent business executives, given the ruling Communist Party's tight control of civil society.

King-wa Fu, a media scholar at the University of Hong Kong, said officials most likely feared the power of the #MeToo movement to bring many people together to target "higher authorities" like corporations, universities and the government. Still, he said he was hopeful the movement could continue to have an impact in China.

"Censorship can only stop public discussion for awhile," Professor Fu said. "When something big happens again, it will come back."

Charlotte Pu contributed research.

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# Remains Said To Be US War Dead Repatriated From North Korea (Young-Joon, Tong-Hyung, Baldor, AP)

Friday, July 27, 2018 Associated Press

By Ahn Young-Joon, Kim Tong-Hyung And Lolita Baldor

PYEONGTAEK, South Korea (AP) — North Korea on Friday returned the remains of what are believed to be U.S. servicemen killed during the Korean War, the White House said, with a U.S military plane making a rare trip into North Korea to retrieve 55 cases of remains.

The handover follows through on a promise North Korean leader Kim Jong Un made to President Donald Trump when the leaders met in June and is the first tangible result from the much-hyped summit. Trump welcomed the repatriation and thanked Kim in a tweet.

The United Nations Command said 55 cases of remains were retrieved from North Korea. The White House earlier confirmed that a U.S. Air Force C-17 aircraft containing remains of fallen service members had departed Wonsan, a Northern coastal city, on its way to the Osan Air Base in Pyeongtaek, near the South Korean capital of Seoul. A formal repatriation ceremony will be held there Wednesday.

At the air base, U.S. servicemen and a military honor guard lined up on the tarmac to receive the remains, which were carried in boxes covered in blue U.N. flags.

About 7,700 U.S. soldiers are listed as missing from the 1950-53 Korean War, and 5,300 of the remains are believed to still be in North Korea. The war killed millions, including 36,000 American soldiers.

U.S. Forces Korea commander Gen. Vincent K. Brooks, in a statement from the U.N. Command, called the retrieval mission successful. "Now, we will prepare to honor our fallen before they continue on their journey home."

Following the honors ceremony on Wednesday, the remains will be flown to Hawaii for scientific testing. A series of forensic examinations will be done to determine if the remains are human and if the dead were American or allied troops killed in the conflict.

Trump late Thursday tweeted the repatriation was occurring and said, "After so many years, this will be a great moment for so many families. Thank you to Kim Jong Un."

Officials in North Korea had no comment on the handover on Friday, the 65th anniversary of the end of the Korean War, which the country celebrated as the day of "victory in the fatherland liberation war."

Despite soaring rhetoric about denuclearization before Kim and Trump met in Singapore, their summit ended with only a vague aspirational goal for a nuclear-free Korean Peninsula without describing when and how that would occur.

The repatriation of remains could be followed by stronger North Korean demands for fast-tracked discussions to formally end the war, which was stopped with an armistice and not a peace treaty. South Korea's Defense Ministry also said the North agreed to general-level military talks next week at a border village to discuss reducing tensions across the countries' heavily armed border.

The U.S. military last month said that 100 wooden "temporary transit cases" built in Seoul were sent to the Joint Security

Area at the Korean border as part of preparations to receive and transport remains in a dignified manner. U.S. Forces Korea spokesman Col. Chad Carroll also said, at the time, that 158 metal transfer cases were sent to a U.S. air base and would be used to send the remains home.

The remains are believed to be some of the more than 200 that North Korea has held in storage for some time, and were likely recovered from land during farming or construction. The vast majority of the war dead, however, have yet to be located and retrieved from cemeteries and battlefields across the countryside.

Efforts to recover American war dead had been stalled for more than a decade because of a standoff over North Korea's nuclear program and a previous U.S. claim that security arrangements for its personnel working in the North were insufficient.

From 1996 to 2005, joint U.S.-North Korea military search teams conducted 33 recovery operations that collected 229 sets of American remains. The last time North Korea turned over remains was in 2007, when Bill Richardson, a former U.N. ambassador and New Mexico governor, secured the return of six sets.

The North marked Friday's anniversary with ceremonies at war-related memorials; the capital Pyongyang and other cities were decked out in national flags and bright red banners. For the first time since 2015, Kim Jong Un has announced a general amnesty will be granted for prisoners who have committed crimes against the state.

North Korea has held out the return of remains as a symbol of its goodwill and intention to improve ties with Washington. Officials have bristled, however, at criticism from the U.S. that it seeks to profit from the repatriations by demanding excessive fees for handling and transporting the remains.

Pyongyang has nevertheless expressed its willingness to allow the resumption of joint search missions in the country to retrieve more remains. Such missions had been held from 1996 until they were cancelled by President George W. Bush amid heightening tensions over the North's nuclear program in 2005.

Post Kim-Trump summit talks between U.S. Secretary of State Mike Pompeo and senior North Korean officials got off to a rocky start earlier this month, with the North accusing the Americans of making "unilateral and gangster-like" demands on denuclearization. The North also said U.S. officials came up with various "conditions and excuses" to backtrack on the issue of formally ending the war.

"The adoption of the declaration on the termination of war is the first and foremost process in the light of ending the extreme hostility and establishing new relations between the DPRK and the U.S.," the North's Korean Central News Agency said in a statement on Tuesday, referring to North Korea by its official name, the Democratic People's Republic of Korea. "Peace can come only after the declaration of the termination of war."

Pompeo said Wednesday that a great deal of work remains ahead of a North Korea denuclearization deal, but he dodged requests to identify a specific denuclearization timeline in testimony to members of the Senate Foreign Relations Committee.

Experts say a declaration to officially end the war, which could also involve Seoul and Beijing, would make it easier for Pyongyang to steer the discussions with Washington toward a peace treaty, diplomatic recognition, security assurance and economic benefits. Some analysts believe that North Korea would eventually demand that the United States withdraw or dramatically reduce the 28,500 troops it keeps in South Korea as a deterrent.

Washington has maintained Pyongyang wouldn't get sanctions relief and significant security and economic rewards unless it firmly commits to a process of completely and verifiably eliminating its nuclear weapons. There are lingering doubts on whether Kim would ever agree to fully relinquish his nukes, which he may see as a stronger guarantee of survival than whatever security assurance the United States could offer.

Kim reported from Seoul and Baldor from Washington. AP journalists Eric Talmadge in Pyongyang, North Korea, Kim Yong-ho in Pyeongtaek and Foster Klug in Seoul contributed to this report.

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### White House: US Plane Leaves North Korea With US War Remains (Maresca, USAT)

Thursday, July 26, 2018 <u>USA Today</u> By Thomas Maresca

SEOUL – A U.S. cargo plane carrying the remains of U.S. soldiers handed over by North Korea arrived at an American air force Base in South Korea on Friday morning, a step in fulfilling an agreement made between President Donald Trump and Kim Jong Un at their summit in Singapore last month.

The plane, a U.S. Air Force C-17 Globemaster, transported the remains from Wonsan, North Korea to Osan Air Force Base, located some 40 miles south of Seoul. It was accompanied by service members from United Nations Command Korea and technical experts from the Defense POW/MIA Accounting Agency, the Hawaii-based government agency responsible for recovering missing personnel, according to a statement from the White House.

The United Nations Command confirmed there were 55 cases of remains returned on Friday.

The aircraft, flanked by two fighter jets, arrived at approximately 11:00 a.m. local time and was met by American service members and a military honor guard. A formal repatriation ceremony headed by General Vincent Brooks, commander of American forces in Korea, is scheduled to take place on August 1. The remains are then expected to be sent to the DPAA in Hawaii for forensic testing to verify they are the slain U.S. troops.

The move came on the 65th anniversary of the armistice agreement that ended fighting in the 1950-1953 Korean War.

"The United States owes a profound debt of gratitude to those American service members who gave their lives in service to their country and we are working diligently to bring them home," the White House said in a statement. "It is a solemn obligation of the United States Government to ensure that the remains are handled with dignity and properly accounted for so their families receive them in an honorable manner."

Trump also expressed his gratitude to Kim in a tweet, calling it "a great moment for so many families."

About 7,700 U.S. soldiers are listed as missing from the Korean War, and 5,300 of the remains are believed to still be in North Korea. The war killed millions, including 36,000 American soldiers.

Returning U.S. war remains was a rare tangible commitment Kim made during his meeting with Trump in Singapore, where they issued a vague aspirational goal for a nuclear-free Korean Peninsula without describing when and how that would occur.

Contributed: The Associated Press

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### The Latest: US Says Plane Leaves NKorea With War Remains (AP)

Friday, July 27, 2018 Associated Press

PYEONGTAEK, South Korea (AP) — The Latest on U.S. war remains returned by North Korea (all times local):

11:05 a.m.

The White House says North Korea has turned over the potential remains of American service members who have been missing since the Korean war, following through on a promise made last month to President Donald Trump.

The White House says in a statement Thursday night that a U.S. Air Force plane containing remains of fallen service members has departed Wonsan, North Korea, and is en route to Osan Air Base in South Korea.

The transfer of remains represents one of the first tangible results of Trump's June 12 summit meeting with North Korean leader Kim Jong Un. It sets off a lengthy series of forensic examinations and tests to determine if the remains are human, and whether they are actually American or allied troops killed in the conflict.

10:30 a.m.

A U.S. military plane left from Osan Air Base for North Korea on Friday to pick up the remains of what are believed to be U.S. servicemen killed during the Korean War, South Korea's Yonhap news agency reported.

The U.S. military and South Korean government couldn't immediately confirm the report, which was based on an unnamed South Korean government source. But there were signs Friday morning of preparations to receive the remains at the base south of Seoul.

If a transfer takes place, Pyongyang will likely return about 55 sets of remains from the 1950-53 Korean War, a step meant to fulfill a commitment made by leader Kim Jong Un during his summit with President Donald Trump in June.

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## North Korea Returns Remains Of US War Dead (Chan-kyong, AFP)

Friday, July 27, 2018

**AFP** 

By Park Chan-kyong

Seoul (AFP) – A US military aircraft flew the remains of American servicemen out of North Korea on Friday, a move hailed by the White House as a "positive" step for the fragile detente between the two rivals.

The return of the remains – on the 65th anniversary of the end of the Korean War – marks the partial fulfilment of an agreement reached between US President Donald Trump

and North Korean leader Kim Jong Un at their historic summit in Singapore last month.

"After so many years, this will be a great moment for so many families. Thank you to Kim Jong Un," Trump said in a tweet.

The White House said it was "encouraged" by the return of the remains and the "momentum for positive change".

"Today's actions represent a significant first step to recommence the repatriation of remains from North Korea and to resume field operations in North Korea to search for the estimated 5,300 Americans who have not yet returned home," it said.

After leaving the North Korean port city of Wonsan, the C-17 cargo plane landed at the Osan US Air Base in South Korea at around 0200 GMT, where live TV images showed American soldiers lined up for a ceremony.

The United Nations Command (UNC) in South Korea said 55 sets of remains were on board the plane.

"It was a successful mission following extensive coordination," General Vincent Brooks, commander of the UNC and United States Forces Korea, said in a statement.

"Now, we will prepare to honour our fallen before they continue on their journey home."

More than 35,000 Americans were killed on the Korean Peninsula during the war, out of which around 7,700 are still considered missing, including 5,300 in North Korea alone, according to the Pentagon.

Between 1990 and 2005, 229 sets of remains from the North were repatriated, but those operations were suspended when ties deteriorated over Pyongyang's nuclear weapons programme.

The remains flown to Osan on Friday are expected to be sent to Hawaii for forensic identification, following a formal repatriation ceremony next Wednesday.

#### - 'They'll milk this' -

Trump has hailed his summit agreement with Kim as effectively ending the North Korean nuclear threat, although it contained only an ill-defined commitment on Pyongyang's part to the "denuclearisation of the Korean peninsula" – a long way from the complete, verifiable and irreversible disarmament demanded by Washington.

The issue of repatriating remains of American war dead was seen as a far less contentious one, and the summit agreement specified the immediate return of those remains "already identified."

According to US officials, North Korea is estimated to have as many as 200 sets of remains ready for delivery.

Former New Mexico governor Bill Richardson, who has worked on repatriation issues and visited North Korea several times, warned that Pyongyang might hold up further repatriations in order to squeeze some cash out of the United States.

"They'll give a certain amount of remains for free right away," Richardson told the Washington Post. "But then they'll say, 'The next ones, we need to find them, locate them, restore them.' And then they'll start charging, and they'll milk this."

The initial repatriation provides the White House with a tangible result from the Singapore summit, which has otherwise failed to deliver on the denuclearisation expectations raised by the US president.

US Secretary of State Mike Pompeo was despatched to Pyongyang in early July to nail down the North's summit commitments – including returning the remains of US servicemen.

Pompeo described the talks as "constructive" but the North Korean foreign ministry condemned his "gangster-like" demands for rapid nuclear disarmament.

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#### Aircraft Carrying Remains Of US Korean War Dead Arrives In S. Korea (AFP)

Friday, July 27, 2018

<u>AFP</u>

Seoul (AFP) – A US military aircraft carrying the remains of US Korean War dead collected in North Korea arrived in the South on Friday, the 65th anniversary of the armistice that ended the fighting.

The return of the remains marks the partial fulfilment of an agreement reached between US President Donald Trump and North Korean leader Kim Jong Un at their historic summit in Singapore last month.

After leaving the North Korean port city of Wonsan, the C-17 cargo plane landed at the Osan US Air Base in South Korea at around 0200 GMT, where live TV images showed American soldiers lined up for a ceremony.

More than 35,000 Americans were killed on the Korean Peninsula during the war, out of which around 7,700 are still considered missing, including 5,300 in North Korea alone, according to the Pentagon.

"Today's actions represent a significant first step to recommence the repatriation of remains from North Korea and to resume field operations in North Korea to search for the estimated 5,300 Americans who have not yet returned home," the White House said in a statement.

"We are encouraged by North Korea's actions and the momentum for positive change," the statement said, adding that a formal repatriation ceremony would be held at the Osan Air Base next week.

Between 1990 and 2005, 229 sets of remains from the North were repatriated, but those operations were suspended when ties deteriorated over Pyongyang's nuclear weapons programme.

The remains flown to Osan on Friday are expected to be sent to Hawaii for forensic identification.

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### Plane Said To Carry War Remains From North Korea Lands At U.S. Base (Press, POLITICO)

Thursday, July 26, 2018 Politico

By Associated Press

A U.S. military plane has returned from North Korea and landed at Osan Air Base in South Korea after reportedly picking up the remains of what are believed to be U.S. servicemen killed during the Korean War.

An Associated Press journalist at the base outside the capital Seoul saw the plane land Friday local time.

Earlier, the White House said North Korea has turned over the potential remains of American service members who have been missing since the Korean war, following through on a promise made last month to President Donald Trump.

The White House said that a U.S. Air Force plane containing remains of fallen service members had departed Wonsan, North Korea, and was en route to Osan Air Base in South Korea.

The transfer of remains represents one of the first tangible results of Trump's June 12 summit meeting with North Korean leader Kim Jong Un. It sets off a lengthy series of forensic examinations and tests to determine if the remains are human, and whether they are actually American or allied troops killed in the conflict.

Details were still sketchy but reports said that Pyongyang would return about 55 sets of remains from the 1950-53 Korean War, a step meant to fulfill a commitment made by leader Kim Jong Un during his summit with President Donald Trump in June.

About 7,700 U.S. soldiers are listed as missing from the Korean War, and 5,300 of the remains are believed to still be in North Korea. The war killed millions, including 36,000 American soldiers.

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# Remains Of 55 U.S. War Dead In North Korea Start Journey Home After 65 Years (Sang-Hun, NYT)

Friday, July 27, 2018 New York Times By Choe Sang-Hun

PYEONGTAEK, South Korea — Remains believed to be those of 55 American servicemen were flown out of North Korea on Friday, the first visible result of President Trump's efforts to bring the American war dead home 65 years after the end of combat in the Korean War.

"We are encouraged by North Korea's actions and the momentum for positive change," the White House said in announcing the handover.

An American Air Force C-17 Globemaster cargo plane carrying the remains landed later at Osan Air Base south of Seoul, the South Korean capital. Hundreds of American service members as well as a military honor guard lined up on the tarmac to mark the return of the fallen troops.

As the honor guard and the troops stood at attention, 55 small coffins containing the remains were individually carried out of the plane by dress-uniformed soldiers and loaded into six vans. Each of the boxes was wrapped with the United Nations flag, the flag that American troops fought under in the Korean War.

From Osan Air Base, the remains will be transferred to the Hawaii-based Defense POW/MIA Accounting Agency, where painstaking forensic work will be carried out to identify them. Remains that were returned in the past from North Korea were found to be mixed with those of unidentified individuals and even with animal bones.

After the return of the remains, President Trump thanked Kim Jong-un, North Korea's leader, who less than a year ago was threatening the United States with his "nuclear button."

The Korean War was halted with an armistice signed 65 years ago on Friday. But thousands of American troops killed in major battles in North Korea have not been returned because the war was never formally concluded with a peace treaty, and North Korea and the United States lack diplomatic ties.

The remains flown out on Friday were the first handed over since a joint effort by American military experts and North Korean workers between 1996 and 2005. The group

collected the remains of what were believed to have been 220 American soldiers.

But since then the Pentagon's efforts to bring the American war dead home have been overshadowed by tensions over the North's nuclear weapons program.

A breakthrough came when Mr. Trump held a summit meeting with Mr. Kim in Singapore on June 12. Mr. Kim committed to work toward the denuclearization of the Korean Peninsula and promised to return the remains of American troops, starting with those already recovered and identified.

Mr. Trump claimed last month that the North Koreans had "already sent back, or are in the process of sending back, the remains of our great heroes." He also boasted that North Korea's nuclear crisis had been "largely solved." But the efforts to denuclearize North Korea and return the American remains have moved slower than Washington had hoped.

Secretary of State Mike Pompeo visited Pyongyang, the North Korean capital, this month to urge North Korea to go forward with Mr. Kim's commitments. North Korea soon accused the United States of making a "unilateral and gangster-like demand for denuclearization," while failing to offer corresponding American incentives to improve ties.

North Korea and the United States have yet to agree on a detailed road map on how to achieve what Mr. Kim and Mr. Trump both identified as their common goal: the "complete denuclearization of the Korean Peninsula" and the creation of a new bilateral relationship.

Still, during recent talks with American officials on the border between North and South Korea, the North reaffirmed its commitment to return some remains. Its officials also agreed to resume joint United States-North Korean searches at major battle sites in the North to recover more remains.

More than 36,000 American troops died in the Korean War. Of them, some 7,700 remain unaccounted for, including 5.300 believed to have died in the North.

Washington considers the return of the remains an important good-will gesture as it considers improving ties with North Korea should it denuclearize. North Korea has recently started dismantling a missile-engine test site, as Mr. Trump said Mr. Kim promised he would during their summit meeting.

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U.S. Military Takes Possession Of Remains That North Korea Says Belong To Americans Who Died In The Korean War (Taylor, Lamothe, WP)

Thursday, July 26, 2018 Washington Post

#### By Adam Taylor And Dan Lamothe

A U.S. Air Force plane carrying what are thought to be the remains of 55 Americans killed during the Korean War arrived at Osan Air Base in South Korea on Friday morning, the 65th anniversary of the armistice that ended the fighting.

The U.S. Air Force C-17 aircraft departed for the Kalma Airport in the North Korean city of Wonsan before 6 a.m. Friday. It returned about 11 a.m. local time, where it was greeted by a crowd of several thousand U.S. service members and their families — all American service members in South Korea had been invited to the event.

The exchange means that one part of the agreement reached between President Trump and North Korean leader Kim Jong Un in Singapore on June 12 has been partially fulfilled — albeit more slowly than many had anticipated.

"Today's actions represent a significant first step to recommence the repatriation of remains from North Korea and to resume field operations in North Korea to search for the estimated 5,300 Americans who have not yet returned home," White House press secretary Sarah Huckabee Sanders said in a statement Thursday night.

The remains are expected to remain at Osan for a few days for initial testing before a repatriation ceremony is held on Aug. 1 and they are sent on to Hawaii.

Yonhap News Agency reported Thursday that North Korea has accepted 100 wooden transit caskets that it plans to use to return the remains. The U.S. military command in South Korea moved the caskets into the demilitarized zone that splits the Korean Peninsula in late June.

Earlier Thursday, the expected recovery was greeted with cautious optimism by Rick Downes, executive director of a group of families whose loved ones never came home from the Korean War. They have watched discussions in recent weeks with a mixture of hope and cynicism, he said.

"These are poker chips, unfortunately," said Downes, who runs the Coalition of Families of Korean & Cold War POW/MIAs. "These guys, these missing men, are still serving. The war still goes on, and they are being negotiated and used as a bargaining tool."

A U.S. official told The Washington Post last week that North Korea has agreed to hand over about 55 sets of remains. Friday was suggested as a likely date for the repatriation because of its symbolic importance as the anniversary of the armistice, but the official cautioned that the date could change and that the number of remains would need to be checked after they are handed over.

Former New Mexico governor Bill Richardson, who has worked on repatriation issues and visited North Korea several

times, said Thursday that he sees the potential recovery as a positive first step. But he warned that Pyongyang could stall in delivering other remains and attempt to use the issue as a way to make money.

"They'll give a certain amount of remains for free right away," Richardson predicted. "But then they'll say, 'The next ones, we need to find them, locate them, restore them.' And then they'll start charging, and they'll milk this."

Though the United States has a policy of refusing to pay for the repatriation of remains, in the past, it has agreed to provide some funding for expenses incurred by the North Koreans.

The Pentagon estimates that nearly 7,700 U.S. troops are unaccounted for from the war; among them are 5,300 believed to have been killed north of the 38th parallel, which largely coincides with the boundary between North and South Korea.

The North Korean government is believed to have somewhere between 120 and 200 sets of U.S. military remains in its possession and ready to deliver, but there are thousands more still in the North Korean countryside, said Mickey Bergman, vice president of the Richardson Center for Global Engagement that the former governor founded.

Some remains were buried by U.S. troops in cemeteries that were intended to be temporary until China's entry in the Korean War forced U.S. forces to withdraw farther south. Other remains are at sites where aircraft crashed or in unmarked graves, Bergman said.

"One of the things that is so important is for the American people to understand that this is just the beginning," he said. "This is going to take years. It's going to take interviews and sight surveys and teams on the ground. My fear is that we will get these remains and once again say 'Mission accomplished!' And it's not."

After the remains are returned, scientific testing will be needed to confirm that they belong to American soldiers from the Korean War. In the past, North Korea has been accused of deliberately including non-American bones — even animal bones — in a bid to fool U.S. authorities.

The remains will be sent to Hawaii, where the Defense POW/MIA Accounting Agency runs a laboratory at Joint Base Pearl Harbor-Hickam. The identification process there could take years, U.S. officials have said. It often includes a review of archival information that determines where certain U.S. troops were likely to have disappeared or been buried.

After the historic summit between the two leaders last month, Trump and Kim agreed to work together to recover U.S.

remains left in North Korea and to implement the "immediate repatriation of those already identified."

Only a few days after meeting Kim, Trump portrayed the return of the remains as something that had already happened. "We got back our great fallen heroes, the remains," he told a campaign rally in Minnesota. "In fact, today, already 200 have been sent back."

However, while the U.S. military had moved caskets into the Korean Peninsula's joint security area in anticipation, no remains had been sent back. Soon, negotiations were dragging out longer than many had expected.

"That it took this long to secure such low-hanging fruit is a bad sign that North Korea intends to lean on its traditional negotiating posture," Van Jackson, a former Pentagon official who teaches at Victoria University of Wellington in New Zealand, said of the prospective repatriation.

Secretary of State Mike Pompeo was expected to return with remains when he visited Pyongyang for an overnight stay July 6. But after his team was criticized by the North Korean Foreign Ministry, his visit only highlighted tensions between the United States and North Korea over the return of the remains and issues surrounding denuclearization.

On July 12, North Korean military officials left their U.S. counterparts waiting for hours at the joint security area before belatedly calling to request that they reschedule their prearranged meeting. Only after this meeting and subsequent ones was practical progress made.

One part of the holdup appeared to be North Korean requests for payment.

The last time North Korea's military returned likely remains of American troops was in 2005 amid escalating tensions with Pyongyang, when the United States halted a program that had been running since the 1990s.

In 2007, Richardson visited North Korea on a private mission that had the approval of the Bush administration. Richardson returned with the remains of six service members.

The return of the remains now would come after commercial satellite imagery appeared to show that North Korea had destroyed part of a satellite-testing facility that was part of the country's missile-development program. Trump, who told reporters in June that North Korea had agreed to destroy that facility, said Tuesday that the United States appreciated the move.

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Report: US Plane Leaves For NKorea To Pick Up US War Remains (Young-Joon, Tong-Hyung, AP)

## Friday, July 27, 2018 <u>Associated Press</u> By Ahn Young-Joon And Kim Tong-Hyung

PYEONGTAEK, South Korea (AP) — A U.S. military plane left from Osan Air Base for North Korea on Friday to pick up the remains of what are believed to be U.S. servicemen killed during the Korean War, South Korea's Yonhap news agency reported.

The U.S. military and South Korean government couldn't immediately confirm the report, which was based on an unnamed South Korean government source. But there were signs Friday morning of preparations to receive the remains at the base south of Seoul.

If a transfer takes place, Pyongyang will likely return about 55 sets of remains from the 1950-53 Korean War, a step meant to fulfill a commitment made by leader Kim Jong Un during his summit with President Donald Trump in June.

About 7,700 U.S. soldiers are listed as missing from the Korean War, and 5,300 of the remains are believed to still be in North Korea. The war killed millions, including 36,000 American soldiers.

The remains would likely be flown out of an airport in the North Korean coastal city of Wonsan before returning to Osan. Officials in North Korea had no immediate comment on the possible return of the remains on Friday, the 65th anniversary of the end of the Korean War, which the country celebrates as the day of "victory in the fatherland liberation war."

Returning U.S. war remains was a rare tangible commitment Kim made during his meeting with Trump in Singapore, where the leaders issued a vague aspirational goal for a nuclear-free Korean Peninsula without describing when and how that would occur. Friday's repatriation could be followed by strengthened North Korean demands for fast-tracked discussions with the United States on reaching a declaration to formally end the war, which was stopped with an armistice and not a peace treaty.

Efforts to recover American war dead had been stalled for more than a decade because of a standoff over North Korea's nuclear program and a previous U.S. claim that security arrangements for its personnel working in the North were insufficient.

From 1996 to 2005, joint U.S.-North Korea military search teams conducted 33 recovery operations that collected 229 sets of American remains. The last time North Korea turned over remains was in 2007, when Bill Richardson, a former U.N. ambassador and New Mexico governor, secured the return of six sets.

The North marked Friday's anniversary with ceremonies at war-related memorials; the capital Pyongyang and other cities were decked out in national flags and bright red banners. For the first time since 2015, Kim Jong Un has announced a general amnesty will be granted for prisoners who have committed crimes against the state.

North Korea has held out the return of remains as a symbol of its goodwill and intention to improve ties with Washington. Officials have bristled, however, at criticism from the U.S. that it seeks to profit from the repatriations by demanding excessive fees for handling and transporting the remains.

Pyongyang has nevertheless expressed its willingness to allow the resumption of joint search missions in the country to retrieve more remains. Such missions had been held from 1996 until they were cancelled by President George W. Bush amid heightening tensions over the North's nuclear program in 2005.

Post Kim-Trump summit talks between U.S. Secretary of State Mike Pompeo and senior North Korean officials got off to a rocky start earlier this month, with the North accusing the Americans of making "unilateral and gangster-like" demands on denuclearization. The North also said U.S. officials came up with various "conditions and excuses" to backtrack on the issue of formally ending the war.

"The adoption of the declaration on the termination of war is the first and foremost process in the light of ending the extreme hostility and establishing new relations between the DPRK and the U.S.," the North's Korean Central News Agency said in a statement on Tuesday, referring to North Korea by its official name, the Democratic People's Republic of Korea. "Peace can come only after the declaration of the termination of war."

Pompeo said Wednesday that a great deal of work remains ahead of a North Korea denuclearization deal, but he dodged requests to identify a specific denuclearization timeline in testimony to members of the Senate Foreign Relations Committee.

Experts say a declaration to officially end the war, which could also involve Seoul and Beijing, would make it easier for Pyongyang to direct the discussions with Washington toward a peace treaty, diplomatic recognition, security assurance and economic benefits. Some analysts believe that North Korea would eventually demand that the United States withdraw or dramatically reduce the 28,500 troops it keeps in South Korea as a deterrent.

Washington has maintained Pyongyang wouldn't get sanctions relief and significant security and economic rewards unless it firmly commits to a process of completely and verifiably eliminating its nuclear weapons. There are lingering doubts on whether Kim would ever agree to fully relinquish his nukes, which he may see as a stronger guarantee of survival than whatever security assurance the United States could offer.

Kim reported from Seoul.

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# First U.S. Troop Remains From North Korea Headed Home, White House Confirms (Wolfgang, WT)

Thursday, July 26, 2018 Washington Times By Ben Wolfgang

U.S. aircraft on Thursday night flew to North Korea to begin retrieving the remains of American troops killed during the Korean war, the White House announced.

American planes retrieved the remains from Wonsan, North Korea, and will return them to Osan Air Base in South Korea. A formal repatriation ceremony will be held on August 1, the Trump administration said.

The White House cast the move as a significant step forward in U.S.-North Korean relations following last month's historic summit between President Trump and North Korean dictator Kim Jong-un.

"At their historic meeting in Singapore, President Donald J. Trump and Chairman Kim Jong Un took a bold first step to achieve the complete denuclearization of the Korean Peninsula, transform relations between the United States and North Korea, and establish enduring peace," White House press secretary Sarah Sanders said in a statement. "Today, the Chairman is fulfilling part of the commitment he made to the President to return our fallen American service members. We are encouraged by North Korea's actions and the momentum for positive change."

The move was first reported by South Korea-based Yonhap news agency.

It's unclear how many remains are being transported out of North Korea; the White House said an estimated 5,300 Americans have not yet been brought home.

"The United States owes a profound debt of gratitude to those American service members who gave their lives in service to their country and we are working diligently to bring them home," Ms. Sanders said. "It is a solemn obligation of the

United States government to ensure that the remains are handled with dignity and properly accounted for so their families receive them in an honorable manner."

Earlier this week, Mr. Trump said the process of returning the remains was under way.

"As you may know, we're also working to bring back the remains of your brothers-in-arms who gave their lives in Korea. And I hope that, very soon, these fallen warriors will begin coming home to lay at rest in American soil. That's starting the process," the president said during a speech to a VFW convention in Kansas Citv.

Following the repatriation ceremony in South Korea, the remains are expected to transported to Hawaii for forensic identification, the Yonhap News Agency reported.

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## North Korea Marks War Anniversary As US Remains Flown Out (Berger, AFP)

Friday, July 27, 2018

**AFP** 

By Sebastien Berger

In mist-covered hills, North Korean soldiers, sailors and civilians gathered Friday at a heroes' cemetery to commemorate their brothers in arms on the anniversary of the end of the Korean War.

Hostilities between the US-led United Nations forces and the North Koreans and their Chinese allies ceased 65 years ago with an armistice rather than a peace treaty, leaving the peninsula technically still in a state of conflict.

The two sides had fought each other to a standstill, millions were dead and Korea was a divided, war-ravaged ruin but the North's self-proclaimed victory has long constituted a key plank of the Kim dynasty's right to rule.

Platoon by platoon, units gathered at the graveyard on the outskirts of Pyongyang dominated by a towering sculpture of a rifle muzzle and bayonet, and adorned with the medal of a Hero of the Democratic People's Republic of Korea, the North's official name.

They laid flowers before an oversized granite coffin, draped in a metal flag and topped with a submachine gun and cap.

An announcer intoned: "Let us bow before the martyrs who took part in the Great Fatherland Liberation War" – Pyongyang's name for the conflict – before the troops doffed caps and bowed.

According to official North Korean accounts, the first of the cemetery's occupants to die, Jang Thae Hwa, 22, blocked a

pillbox opening with his chest one day after the North invaded the South in 1950 so that his unit could advance.

Pyongyang's histories say the last soldier killed in the conflict to be laid to rest at the site was Ri Hyon Jun, 20, a ground gunner who was made a Hero of the DPRK for shooting down four enemy aircraft, and died in a later engagement just five days before the fighting ended.

Ceremonies complete, the soldiers strolled between the rows of graves, arranged chronologically in order of time of death.

At the same time on the other side of the country, remains believed to be those of American servicemen killed in the war were being loaded onto a US aircraft for transportation to the South, in the first stage of their final journey home.

#### - 'Shining victory' -

Relations between nuclear-armed Pyongyang and Washington have undergone an astonishing turnaround in recent months.

After exchanging personal insults and threats of war last year as tensions mounted, the North's leader Kim Jong Un and US President Donald Trump shook hands at an unprecedented summit in Singapore last month.

The return of the US remains was part of their agreement.

But whether the North is willing to give up the nuclear arsenal which it has spent decades developing, and at a cost of multiple sets of UN Security Council sanctions, remains unclear.

In the Singapore statement Kim pledged to work towards denuclearisation of the Korean peninsula, a vague term open to interpretation on both sides, and there have been no subsequent confirmed moves by Pyongyang – which has condemned US demands for its unilateral disarmament as "gangster-like".

But it is looking to develop its impoverished economy and authorities are seeking to ensure that the newfound bonhomie endures.

Unlike previous commemorations, AFP was not allowed to interview attendees at the cemetery, or at Mansu hill, where attendees laid flowers before the giant statues of Kim's predecessors, his father and grandfather Kim Jong II and Kim II Sung that look out over Pyongyang.

Diplomats in the capital say that meetings with government officials are even harder to secure than usual.

And propaganda posters focus on the heroism of the North's troops, rather than condemning — or even naming — the enemy.

At a national conference of war veterans on Thursday, politburo presidium member Choe Ryong Hae focussed on the "shining victory of the Juche-oriented military idea, strategy and tactics and outstanding commanding art of Kim Il Sung".

This was in marked contrast to last year's anniversary, when state media repeatedly referred to "the US imperialist aggressors" and newspapers proclaimed that the North would inevitably triumph over its longstanding enemy.

"Still not coming to its senses, the US is persisting in the hopeless confrontation with the DPRK, plunging itself deeper into the abyss of ruin," read a commentary widely carried on July 27, 2017.

The following day Pyongyang carried out its second launch of a Hwasong-14 intercontinental ballistic missile.

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## Duterte OKs Bill Creating Muslim Autonomous Region In South (Gomez, AP)

Friday, July 27, 2018
<u>Associated Press</u>
By Jim Gomez

MANILA, Philippines (AP) — Philippine President Rodrigo Duterte has signed legislation creating a new Muslim autonomous region aimed at settling nearly half a century of Muslim unrest in the south, where troops crushed an attempt last year by Islamic State group-linked militants to turn a city into a stronghold.

Presidential spokesman Harry Roque and another key aide, Bong Go, told reporters without elaborating late Thursday that Duterte signed the bill creating the region, to be called Bangsamoro. The autonomy deal, which has been negotiated for more than two decades under four presidents, was ratified earlier this week by both chambers of Congress.

"This is to announce that the president has just signed the BOL into law," Roque said in a cellphone message, referring to the Bangsamoro organic law.

It's the latest significant attempt by the government to end Muslim fighting that has left more than 120,000 people dead and hampered development in the country's most destitute regions. The deal was negotiated with the Moro Islamic Liberation Front, the largest Muslim rebel group in the south, although about half a dozen smaller IS-linked radical groups remain a threat in the region, the homeland of minority Muslims in the largely Roman Catholic nation.

Al Haj Murad Ebrahim, chairman of the Moro rebel front, told a news conference Tuesday that 30,000 to 40,000 armed fighters would be "decommissioned" if the autonomy deal is fully enforced. The disarming would be done in batches based on compliance with the accord, with the final 40 percent of the guerrillas turning over their weapons once there is full compliance.

Murad added that six of the largest guerrilla camps in the south were already being converted into "productive civilian communities" to help the insurgents return to normal life.

Murad appealed to the international community to contribute to a trust fund to be used to finance the insurgents' transition from decades of waging one of Asia's longest rebellions.

"We will decommission our forces, the entire forces," Murad said. He declined to immediately cite the number of weapons that "will be put beyond use."

The military has estimated the Moro rebel group's size at a much lower 11,000 fighters.

The Bangsamoro replaces an existing poverty- and conflict-wracked autonomous region and is to be larger, better-funded and more powerful. An annual grant, estimated at 60 billion to 70 billion pesos (\$1.1 billion to \$1.3 billion), is to be set aside to bolster development in the new region.

Murad's guerrilla force is the second in the south to drop a demand for a separate Muslim state in exchange for autonomy. The Moro National Liberation Front forged a 1996 peace deal with the government that led to the current five-province Muslim autonomous region, which has largely been regarded as a failure.

Western governments have welcomed the autonomy pacts. They worry that small numbers of Islamic State group-linked militants from the Middle East and Southeast Asia could forge an alliance with Filipino insurgents and turn the south into a breeding ground for extremists.

Murad said it's crucial for the peace agreement to be fully enforced, citing how earlier failed attempts prompted some guerrillas to break away and form more hard-line groups like the Abu Sayyaf, a brutal group listed by the United States and the Philippines as a terrorist organization.

Hundreds of militants, including those who broke off from Murad's force, were among black flag-waving fighters who swore allegiance to the Islamic State group and laid siege to the southern Islamic city of Marawi last year. Troops backed by U.S. and Australian surveillance aircraft routed the militants after five months of airstrikes and ground assaults that left more than 1,200 people, mostly Islamic fighters, dead and the mosque-studded city in ruins.

"We can roughly conclude that all these splinter groups are a result of the frustration with the peace process," Murad said.

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#### Duterte Signs Law Giving More Autonomy To Muslims In Southern Philippines (Villamor, NYT)

Thursday, July 26, 2018

New York Times

By Felipe Villamor

MANILA — President Rodrigo Duterte of the Philippines has signed a landmark law aimed at giving expanded autonomy to Muslims in the south of the country, his spokesman said on Thursday, with the legislation expected to bring some measure of peace to a region choked by four decades of separatist violence.

The long-delayed law came four years after the government signed a peace deal with the separatist group, the Moro Islamic Liberation Front, which dropped its bid for full independence in return for the right to self-rule.

The front had fought a fierce uprising since 1978 that left about 120,000 people dead and pushed pockets of the deep south of the Philippines into a cycle of extreme poverty and violence.

The new legislation, called the Bangsamoro Organic Law, was supposed to have been passed early this week, but infighting among allies of Mr. Duterte in Congress delayed its passage. The president's spokesman, Harry Roque, said on Thursday that the presidential palace had now received a copy of the law.

"After much confusion, the president has signed into law the Bangsamoro Organic Law," Mr. Roque said in an interview.

The legislation mandates the expansion of an autonomous region that would be led initially by a "transitional authority" composed mostly of former fighters before eventually being governed by its own parliament.

The region is intended to supersede an earlier autonomous zone, composed of five provinces, that was considered to have benefited only a small number of Muslim families and that had been wracked by violence. The new area is expected to be larger and better funded.

Under the new plan, the government would retain police and military forces in the area, combatants would lay down their weapons in phases, and six of the guerrilla group's camps would be converted to "productive civilian communities," according to the leader of the Moro Islamic Liberation Front, AI Haj Murad Ebrahim.

Mr. Murad said that the rebel group had 30,000 to 40,000 fighters and that those combatants would willingly give up their weapons, a first step toward reducing the proliferation of unlicensed firearms in the region.

The exact number of insurgents and the quantity of weapons they possess have been relayed to the army, Mr. Murad said. The military had long estimated that the front had around 10,000 fighters.

Mr. Murad said that the new law was expected to decrease extremism in the south because young Muslims would finally feel they were being given a voice and a fairer chance to succeed.

He said that the move would also make it harder for Islamic State-linked operatives to recruit disaffected youth in the region.

Last year, fighters from Southeast Asia and the Middle East helped a local faction of the Islamic State to take over the city of Marawi, leading to a five-month battle ending in October that left hundreds dead. The faction was composed mainly of fighters formerly allied with the Moro Islamic Liberation Front who had become frustrated with the peace process.

The Philippine military eventually took back Marawi with help from the United States and Australia, which provided surveillance and intelligence data.

Mr. Murad said, "We are quite confident that if there is a political settlement acceptable by majority of Bangsamoro Muslim people, splinter groups will gradually be carried into the mainstream."

"It is very difficult for them to exist minus the support of some people in the area," he said, adding: "If the people support the result of the peace process, there is no choice for these small groups except to join."

Rommel Banlaoi, a security analyst at the Philippine Institute for Peace, Violence and Terrorism Research, agreed that the new law could bring calm to the south by requiring the Moro Islamic Liberation Front "to stop fighting the Philippines through military struggle."

"But it will not automatically bring peace," Mr. Banlaoi said, stressing that the key to reducing the violence was making sure that the front followed through with its promise to disarm and decommission its thousands of combatants.

Referring to the law, he said, "The B.O.L. is not a magic pill that can give a solution to multifaceted problems of armed conflicts" in the region.

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## Cambodia's Hun Sen Hails 'Elimination' Of Opposition At Mass Rally (Se, Freeman, AFP)

Friday, July 27, 2018

**AFP** 

By Suy Se, Joe Freeman

Phnom Penh (AFP) – Cambodia's strongman ruler hailed Friday the success of efforts to "eliminate traitors" at a mass rally ahead of an election without a credible opposition that will leave the country as a virtual one-party state.

Tens of thousands of supporters decked in the ruling party's white and blue arrived from dawn in the centre of the capital, some on motorbikes and buses, in an impressive show of support for the Cambodia People's Party (CPP), which premier Hun Sen has led for 33 years.

But it will be the only political showing of significant scale ahead of Sunday's election after the only serious opposition was dissolved by the Supreme Court in November.

In typically bombastic comments, Hun Sen vowed victory on Sunday and took a swipe at his opponents, many of whom have been jailed, prodded into self-exile or have gone to ground inside the kingdom since the ruling.

"Recently we took legal action to eliminate traitors who attempted to topple the government," he said of the court ruling that disbanded the Cambodia National Rescue Party (CNRP).

"If we didn't eliminate them with an iron fist, maybe by now Cambodia would be in a situation of war."

A pillar of Hun Sen's appeal is that he has presided over peace and a level of prosperity since the early 1990s when Cambodia emerged from decades of war and the evisceration of the Khmer Rouge years.

"With the CPP we have growth, we have schools, peace... everything," said supporter Khun Bopha of a party that now presides over an economy chugging along at a growth rate of around six to seven percent.

"We will have a big win on July 29."

- 'Sham process' -

The Supreme Court knocked out the opposition after Hun Sen accused CNRP members of plotting against the government.

Rights groups, NGOs and the media were all swept up in the crackdown last year as Hun Sen quashed critical voices and challengers in the lead-up to the vote.

The opposition, many of whose key members live abroad for fear of prosecution, have urged supporters to boycott the poll in a "clean finger" campaign to refuse to be inked at polling stations on Sunday.

Election authorities have said calls to boycott are a "crime" and have already fined five former members of the opposition in northern Cambodia after accusing them of taking part in the anti-election campaign.

The United States and the European Union have pulled assistance and monitors after challenging the credibility of the election.

But staunch Cambodia ally China has stepped in to provide equipment.

Cambodia has held six elections – including the first UNsponsored poll in 1993 – after the country of 15 million emerged from decades of civil war.

Hun Sen has cast himself as the saviour of the country from the ravages of the Khmer Rouge, even though he was a former member of the ultra-Maoist group.

Twenty parties are running in the election but many are new or of obscure origins and have been widely criticised for helping legitimise the ballot by taking part.

"Cambodia's election is a sham process that is designed to prolong Hun Sen's authoritarian rule and will plunge the country into further misery and repression," International Federation for Human Rights Secretary-General Debbie Stothard said in a statement Thursday.

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#### Cambodian Leader Wraps Up Campaigning Blasting Boycott Calls (Harmer, AP)

Friday, July 27, 2018
<u>Associated Press</u>
By Jerry Harmer

PHNOM PENH, Cambodia (AP) — Cambodian Prime Minister Hun Sen on Friday wrapped up campaigning for reelection by attacking an opposition call to boycott the polls and calling those who heed it "destroyers of democracy."

Some 8.3 million people are registered to vote in Sunday's general election to fill 125 seats in the National Assembly.

Hun Sen's Cambodian People's Party is expected to win easily after a court last year dissolved its only credible opponent, the Cambodia National Rescue Party, on charges that it conspired with the U.S. to overthrow the government.

Critics say the move was part of a long-planned strategy to remove all obstacles to Hun Sen continuing to rule the country he's dominated politically since first becoming prime minister in 1985.

In the last general election in 2013, the opposition CNRP came close to pulling off a surprise victory, winning 44 percent of the popular vote.

The poll is widely seen outside Cambodia as a sham. The United States and the European Union have declined to help fund it, though Japan has contributed.

The CNRP has advised Cambodians not to vote, a boycott the ruling party's leaders fear of heeded, would deeply embarrass them and badly undermine their victory.

Speaking in front of a large crowd — 150,000 strong, according to its organizers — Hun Sen said, "People who listen to the words of the country's betrayers, and don't vote, are the ones who destroy democracy in Cambodia.

"You will regret it. So I suggest all Khmer citizens think about that, because the majority of people will vote but the ones who don't vote, how will they live with those who do?"

He said peace and development were the priorities for his party.

Twenty parties in all are on Sunday's ballot, but apart from Hun Sen's CPP, most are small, under-resourced or almost completely unknown. Some are said to be proxies, set up by the ruling party to give the semblance of a contest.

Preliminary results are expected on Sunday night.

Hun Sen's party has been dominating Cambodia's political scene, but its election maneuvering has brought some sharp rejoinders from abroad.

The U.S. Congress this past week passed the Cambodia Democracy Act "to promote free and fair elections, political freedoms and human rights in Cambodia and impose sanctions on Hun Sen's inner circle."

The measure, which strongly condemns Hun Sen's regime, would bar individuals designated by President Donald Trump from entering the U.S. and blocks any assets or property they may possess. Its suggested list of those who should be sanctioned includes Hun Sen, several of his close family members, and about a dozen other top officials and military officers.

Cambodian officials and ruling party members rejected the measure as counterproductive interference into Cambodia's internal affairs.

Japan, traditionally more reluctant than Western nations to criticize Cambodia's government, announced this past week it would not be sending election monitors for Sunday's polls. Although there was no clear explanation for the decision, it is seen as a low-key but unexpected criticism of the election process.

Hun Sen became prime minister in 1985 and has led Cambodia ever since with a combination of skill, guile and ruthlessness.

He is a former Khmer Rouge field commander. He defected to Vietnam during the disastrous rule of Pol Pot, later returning to help overthrow the regime.

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#### Cambodia's Hun Sen Doesn't Get Pass From Washington (Hunt, WT)

Thursday, July 26, 2018 <u>Washington Times</u> By Luke Hunt

There are still some bad memories and unsettled grudges in Washington dating back to the unceremonious end of the Vietnam War in 1975, and the man who has run Cambodia for more than 30 years is still feeling the heat.

Unlike other authoritarian leaders like the Philippines' Rodrigo Duterte, Egypt's Abdel-Fattah el-Sissi, or even the coupinstalled Prime Minister Prayuth Chan-ocha in neighboring Thailand, Cambodian Prime Minister Hun Sen is not getting a fresh look from the Trump administration, which has kept up a harsh critique of democracy and civil liberties in the Southeast Asian nation even as Cambodian voters head to the polls Sunday.

Citing a lack of democracy, White House press secretary Sarah Huckabee Sanders announced earlier this year the U.S. was suspending some \$8 million in aid for Cambodia.

Human rights groups are already condemning Sunday's poll and calling on the U.S. and other countries to take even tougher measures.

"The Cambodian government over the past year has systematically cracked down on independent and opposition voices to ensure that the ruling party faces no obstacles to total political control," said Brad Adams, Asia director at Human Rights Watch, in a statement. "Dissolving the main opposition party and banning many of its senior members from politics means this election cannot possibly reflect the will of the Cambodian people."

Unlike neighboring Vietnam, where changes in the Communist Party leadership have resulted in a far more developed relationship with the U.S., Cambodia is still viewed through an old-school Cold War prism. Mr. Hun Sen is widely seen as an embarrassing throwback, a Communist relic from a distant past.

"Regrettably, a nation that at one stage had appeared to have some hope of emerging out of decades of violence now appears to be reverting to an autocracy that is anything but benevolent," said Keith Loveard, a risk analyst with Jakartabased Concord Securities.

Mr. Hun Sen, came to power in 1985 and is the world's longest-serving prime minister, has accused Washington and the opposition Cambodian National Rescue Party (CNRP) of fomenting a "color revolution," changes that were used to justify a crackdown on opposition parties and put opposition leader Kem Sokha in jail last November on charges of treason.

Mr. Kem Sokha's party was subsequently dissolved by the courts and CNRP politicians and supporters have fled overseas. Independent newspapers have been closed or sold to government-friendly interests, and about 30 radio frequencies shuttered and dissenters prosecuted.

The U.S. Embassy put out a sharp statement condemning the crackdown on the opposition and the jailing of Mr. Kem Sokha at the time.

"It is becoming increasingly evident to the world that the Cambodian government's restrictions on civil society, suppression of the press, and banning of more than 100 opposition leaders from political activities have significantly set back Cambodia's democratic development and placed its economic growth and international standing at risk," the embassy said.

#### Conservative ties

Mr. Hun Sen's many critics, including those in Washington, argue the crackdown has more to do with the opposition's shock electoral performance in 2013, when it went close to snatching an outright victory. The CNRP enjoyed strong support in Republican and conservative circles in the U.S., where its exiled former leader Sam Rainsy was a familiar figure at conservative think tanks like the Heritage Foundation and the International Republican Institute (IRI).

U.S. conservatives see Mr. Hun Sen's ruling Cambodian People's Party (CPP) "as the descendants of this legacy," said Sophal Ear, associate professor of diplomacy and world affairs at Occidental College in Los Angeles.

Rep. Ted Yoho, the Florida Republican who chairs the House Foreign Affairs subcommittee on Asia and the Pacific, introduced in May the Cambodia Democracy Act of 2018, accusing Mr. Hun Sen of "undermining democracy" ahead of the poll.

If passed by Congress and adopted by the Trump administration, the act would impose financial sanctions and travel bans on the prime minister and top aides. But analysts said this would have only a marginal impact given Cambodia's embrace of China in return for financial support worth many billions of dollars.

"None of this will phase Hun Sen," said Carl Thayer, emeritus professor at the University of New South Wales in Australia. "China's interests are best served by stability in Cambodia as well as a compliant regime in Phnom Penh."

Beijing, Mr. Thayer added, "will welcome" another win Sunday by Mr. Hun Sen and the CPP.

As a proxy for China, Cambodia has proved most effective in backing Beijing's maritime claims in the hotly disputed South China Sea, further angering Washington. An impasse over debts dating back to the Vietnam War have also soured relations between Washington and Phnom Penh.

"Human rights remains a disaster, Chinese investment is voracious and while there are increasing signs that the average Cambodian is dissatisfied with the situation — especially if he or she is being forced off their land," said Mr. Loveard. "There is no sign that the country is going to become a democratic poster child."

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#### A Day Before Laos Dam Failed, Builders Saw Trouble (Ives, NYT)

Friday, July 27, 2018 New York Times By Mike Ives

ATTAPEU TOWN, Laos — The day before this week's catastrophic dam failure in Laos, the companies building the dam knew that it was deteriorating, and one of them saw a potential trouble sign three days in advance. Yet many people living downstream received no warning of the deadly flood that was about to sweep away villages, farms, livestock and people.

The companies said they had warned Laotian officials of the danger, and some villages were evacuated, but the dam's collapse killed at least 27 people — many more are still missing — and displaced at least 6,600 others in Laos. On Thursday, state media in Cambodia reported that as many as 25,000 more people in that country were being evacuated from the northern border province of Stung Treng, as the flood surge made its way south.

Now, as rescue workers scramble to find missing villagers and care for others in makeshift shelters, questions are mounting about the speed of the one-party state's response, the quality of the companies' work, and whether they could have done more to prevent the accident or alert people to the peril.

Xe-Pian Xe-Namnoy Power Company, a joint venture of two South Korean firms, one from Thailand and a state-owned Laotian firm, is building the hydroelectric project, which includes several dams.

The state-controlled Lao News Agency initially reported that 5 billion cubic meters of water had spilled over the dam, but later quietly revised that number downward to half a billion cubic meters, or roughly 17.7 billion cubic feet, of water. Even the lower volume would be enough to cover an area the size of Manhattan in water 28 feet deep.

Accounts given by the two South Korean companies differ in several details, and do not answer the crucial question: When did they know, or should they have known, that the dam might be headed toward collapse?

On Friday, engineers noticed a depression, or "settlement," about four inches deep in the center of the dam, Korea Western Power, one of the companies, said in a report to South Korea's Parliament.

A company official told lawmakers — one of whom released the report on Thursday — that such sinking was common with the kind of heavy rainfall the region was experiencing, so the engineers decided to monitor it rather than take action.

On Sunday, engineers found 10 "fractured settlements" on the top of the dam and set out to repair them, but they could not get the necessary repair equipment to the scene until Monday afternoon, when it was too late, the company's report said.

SK Engineering & Construction of South Korea, the main builder of the project, said on Thursday that it had discovered at 9 p.m. on Sunday that part of the dam's top was missing.

In a statement, the company said it had "immediately" reported the damage to the local authorities and evacuations of the nearest villages began, but it did not alert the provincial government until noon the next day that the dam might deteriorate further.

By 11 a.m. on Monday, Korea Western Power said, there was a depression more than three feet deep in the top of the dam.

On Monday, the joint venture sent a written notice to provincial officials, which has been seen by The New York Times, warning that Saddle Dam D was in a "very dangerous condition now due to heavy rainfall," and that villagers downstream should be told to "evacuate to high level position to avoid unfortunate accident by heavy water flow."

By Monday afternoon or early evening, the dam was crumbling further and water was pouring through. SK said it received the first report of a village flooding at 1:30 a.m. Tuesday.

Both South Korean companies mentioned heavy rains in their descriptions of the disaster. But Ian Baird, a geography professor at the University of Wisconsin, Madison, who specializes in Laos and has studied the hydropower project, said he believed the problem was either faulty construction or a decision to store too much water in the dam's reservoir at a time when heavy rain should have been expected.

"When at the end of July do we not get rain in this part of the world?" he asked.

The companies are "trying to play this out as a natural disaster that wasn't their fault," he said. "I don't believe that for a second."

Xe-Pian Xe-Namnoy Power Company could not be reached by telephone on Thursday.

The United Nations has said that eight villages were affected by the flooding. Experts and displaced villagers said in interviews this week that the number could be 11 or more. Some were probably in an area that is extremely isolated in the rainy season, even without a major flood event, Professor Baird said.

"I'm sure there are still lots of people who nobody has reached yet," Professor Baird said. Some people might have scrambled to higher ground, but it would depend on when they were notified of the threat.

A day after the accident, the United Nations reported that 14 bridges had been damaged in Laos and at least 1,494 people there had been evacuated to emergency shelters. It said helicopters and boats were the only means of transportation in the affected areas of Attapeu Province, where rates of child malnutrition are among the highest in the country.

On Thursday, a reporter who traveled into the affected area — a three-hour drive on bumpy roads from Attapeu Town — saw military personnel and volunteers from several countries steering boats through the floodwaters in a grim search for bodies. Some people there were beginning to return to villages that had been underwater earlier in the week, only to find that all their possessions had been destroyed.

Octavian Bivol, the Unicef representative in Laos, said on Thursday that while the agency was providing the Laotian authorities with soap, jerrycans and other supplies to assist the equivalent of 1,500 households, the primary challenge was that so many of the flood victims were so isolated.

At least some of the affected villages had no warning of the lethal threat racing toward them.

Silam, a 25-year-old woman from southern Laos with two children, said in an interview that she had escaped the floods on Monday night after receiving a phone call not from the

government, but from one of her relatives who was in a nearby rice paddy.

The relative told her to leave the house and move to higher ground "because the water was coming," she recalled, speaking in a shelter in the southern town of Paksong on Wednesday evening. "I was so scared."

Bruce Shoemaker, an independent expert on hydropower in Laos, said that the dam was already "a slow-moving humanitarian and ecological disaster" even before the accident on Monday, in part because all the water diversion was a severe threat to downstream fisheries, the main source of protein for local people.

"The big thing is there's a very poor regulatory environment in Laos," said Mr. Shoemaker, a co-editor of the book "Dead in the Water: Global Lessons from the World Bank's Model Hydropower Project in Laos."

"Private companies get these concessions and there's very little oversight of how they're implementing it," he added, "and that is pervasive throughout the hydropower sector."

Reporting was contributed by Ben C. Solomon from Attapeu Province; Julia Wallace from Phnom Penh, Cambodia; Richard C. Paddock from Bangkok; Choe Sang-Hun from Seoul, South Korea; and Muktita Suhartono from Jakarta, Indonesia.

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#### New Zealand Grants Domestic Violence Victims Paid Leave (Graham-McLay, NYT)

Friday, July 27, 2018

New York Times

By Charlotte Graham-McLay

WELLINGTON, New Zealand — New Zealand will grant victims of domestic violence paid leave from work, in a move that activists say will give people the time to move out and seek shelter for themselves and their children without losing their jobs.

Members of Parliament approved a bill allowing the change by a vote of 63 to 57 on Wednesday night, giving domestic abuse survivors, as well as those caring for young victims, 10 days off from work in addition to their regular paid vacations.

The measure, known as the domestic violence victims' protection bill, will take effect next April, making New Zealand the second country in the world to pass such legislation, after the Philippines.

Jan Logie, a lawmaker for the left-leaning Green Party who proposed the bill in 2016, said gender-based violence had become "entrenched" in New Zealand and "reaches into

workplaces," with victims often turning up late or missing work altogether.

Ms. Logie said that existing leave allowances were not enough for victims to "deal with the courts, find a new house, go to counseling or support their children dealing with trauma."

"It doesn't make sense to tell victims we want them to leave and then force them into poverty when they do," she said.

New Zealand gave all women the right to vote in 1893, the first self-governing country in the world to do so, and its prime minister, Jacinda Ardern — currently on parental leave — is the third woman to hold the job. But its domestic and sexual violence rates are among the highest in the world.

A 2011 United Nations report said that 30 percent of women in New Zealand had suffered domestic abuse in the previous decade, with 14 percent experiencing sexual violence. A 2017 report in The New Zealand Herald said that the country had "the worst rate of family and intimate-partner violence in the world," estimating that 525,000 New Zealanders were harmed every year.

"In this beautiful, gutsy, vibrant country of ours, police are called out to a family violence incident every four minutes," Ms. Logie told Parliament in a speech before the bill was passed.

She said that research from Women's Refuge, the advocacy organization where she worked before becoming a lawmaker, had found that 60 percent of women in abusive partnerships had full-time jobs when the relationship began, but less than half managed to stay in work.

"Those who stayed faced numerous hardships affecting their future employment prospects, and those who left found it difficult to re-enter the work force," Ms. Logie said, adding that victims had told her they had been forced to quit jobs, or had been stalked or harassed at work because their former partners knew where to find them.

The law also allows victims of domestic violence to request flexible working arrangements and gives them protection from discrimination.

Lawmakers from New Zealand's center-right opposition parties voted against the bill, with some who had supported it changing their minds. The opponents argued that extra leave would be too expensive for employers, and suggested that the government should foot the bill instead.

"We believe it will have perverse outcomes for women in the workplace," said Mark Mitchell, a National Party lawmaker.

Ms. Logie rejected that view, telling the Parliament: "We are working off rigorous economic and social research from New

Zealand and Australia grounded in the experiences of workplaces already offering these types of protections."

The cost of putting the policy in place would be "rapidly offset" by the returns from "lower turnover and increased productivity," Ms. Logie added.

While some businesses already offer paid leave for victims of family violence, the vote by New Zealand's government enshrined the practice in law. In Australia, victims of domestic abuse are allowed five days' unpaid leave.

New Zealand's anti-violence groups welcomed the change in law. Holly Carrington, a spokeswoman for the advocacy organization Shine, said domestic violence was already costing businesses — "not just financially, but, more importantly, the human toll."

"Without support from their employer, work is not a safe place for victims of domestic violence," she said, "and these staff get judged and blamed for resulting performance issues and often end up leaving their job."

In May, Ms. Ardern announced a \$52 million increase for family violence services throughout the country over four years. It was the first funding boost for the sector in a decade.

She took office in October on a platform that promised change for ordinary New Zealanders, particularly on women's and children's issues.

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#### Japan Executes 6 Members Of Cult Behind Sarin Attack (Chan, NYT)

Friday, July 27, 2018 New York Times By Angie Chan

HONG KONG — Japan on Thursday executed all six former members of the Aum Shinrikyo doomsday cult who remained on death row after the execution of the group's founder and six other members earlier this month, Japan's Justice Ministry said

The six — Satoru Hashimoto, Toru Toyoda, Kenichi Hirose, Yasuo Hayashi, Masato Yokoyama and Kazuaki Okazaki — were convicted of involvement in one or more of three crimes: the 1995 sarin nerve gas attack on the Tokyo subway system, another sarin attack in Nagano Prefecture, in 1994, and the murders of a lawyer, his wife and their baby son in 1989.

"After 20 years of investigation, the execution is adequate — although some people say we should hear more from them" in terms of contrition, said Masaharu Yamada, a former police officer who investigated the attacks by the group. "Taking into

account the agony and sorrow of victims and their families, it may be too late."

The executions came nearly three weeks after officials carried out death sentences against Shoko Asahara, the group's mastermind, and six of his former followers.

The three attacks, which the courts said were committed to further Mr. Asahara's bid to "control Japan in the name of salvation," caused the deaths of 29 people. The most notorious case, the sarin nerve gas attack on the Tokyo subway system, killed 13 people and injured thousands, making it the largest attack in Japan since World War II.

Japan remains one of the few developed countries to maintain the use of capital punishment for murders by hanging. Inmates and family members are only notified of the execution on the day it is carried out. Despite international condemnation, public support for the death penalty remains high in Japan.

Hisako Ueno and Makiko Inoue contributed reporting from Tokyo.

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### Indonesia Graft Buster Returns To Work After Acid Attack (Karmini, AP)

Friday, July 27, 2018 Associated Press By Niniek Karmini

JAKARTA, Indonesia (AP) — An anti-corruption investigator almost blinded by an acid attack urged Indonesia's President Joko "Jokowi" Widodo to set up a fact-finding team to solve his case as he returned to work Friday 16 months after the assault.

Activists and anti-graft officials, showing solidarity by wearing white shirts and red arm bands, cheered and clapped Novel Baswedan as he arrived at the headquarters of the Corruption Eradication Commission in Jakarta.

A banner with a picture of Baswedan was emblazoned with the words: "Mr. President, where is your promise?" and "16 months the case of Novel in the darkness."

Baswedan was leading investigations into an epic graft scandal that implicated prominent politicians when he was attacked last year as he left dawn prayers. No one has been arrested and Baswedan has criticized police handling of the investigation.

"I hope Mr. President wants to know the real facts," he told reporters.

After the attack, Baswedan underwent months of medical treatment in Singapore to treat his damaged eyes.

He said vision in his left eye is not fully restored but it has recovered much better than he'd thought possible.

"I thought I could not see as you all can see, but now, I can see," he said. "I will use my vision for good and useful things as God's blessings given to me," Baswedan said. "This blessing should be followed by action, by working. I love my job and now I'm back."

Baswedan was leading investigations into in a case in which 80 people, mostly officials and legislators, and several companies allegedly used the introduction of a \$440 million electronic identity card system in 2011 and 2012 to steal more than a third of the funds.

Senior Golkar party politician and former speaker of parliament Setya Novanto was sentenced in April to 15 years in prison for his role in coordinating the \$170 million theft of public money.

Baswedan has also been involved in investigations of alleged corruption involving senior police.

Corruption is endemic in Indonesia and the anti-graft commission, one of the few effective institutions in the country of more than 260 million people, is frequently under legislative attack by lawmakers who want to reduce its powers.

Agus Rahardjo, chief of the anti-graft commission, said Baswedan's return to work will bring new spirit and inspiration for the commission in its fight against corruption.

"He is our role model to make the best contribution to the nation," Rahardjo said.

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#### **SOUTH & CENTRAL ASIA**

#### Cricket Legend Imran Khan Claims Election Victory In Pakistan As Opponents Cry Foul (Bengali, LAT)

Thursday, July 26, 2018 Los Angeles Times By Shashank Bengali

Imran Khan, a cricket legend turned anti-corruption agitator, claimed a resounding victory Thursday and was poised to become Pakistan's next prime minister after an election that was tarnished by allegations that the army had rigged the campaign in his favor.

With 228 of 270 National Assembly races decided, Khan's party had won 108 seats, nearly twice as many as his closest rival, according to unofficial results published by the newspaper Dawn. Final results were delayed until Friday because of technical problems, Pakistan's election commission said. But the only drama left was whether Khan would gain an outright majority or need to form a coalition government.

Khan, 65, became the latest celebrity to parlay star power into political power by railing against corrupt elites and championing populist ideas tinged with religious conservatism. His rise opens new questions for two of Pakistan's most troubled relationships: with nuclear-armed rival India, where the media dub him "Taliban Khan" for his coziness with Islamist groups, and with the United States, which he has blasted as an occupying force in neighboring Afghanistan.

Khan is likely to defer authority over those areas to Pakistan's powerful military establishment — perhaps the biggest winner in Wednesday's vote. The last elected prime minister, Nawaz Sharif, who attempted to assert his own foreign policy, was dismissed on corruption charges in an ouster apparently orchestrated by the army, which appears to have also coerced some of his allies to support Khan in the election.

"Khan's victory means that the military is now 100% in the driver's seat on policy issues with regard to the U.S., with regard to Afghanistan, India, militancy, security issues," said Shamila N. Chaudhary, former Pakistan director on the National Security Council during the Obama administration.

"It essentially gives the military all the space it has ever wanted to pursue its national security policies the way it wants to," she said.

In the short term, that could mean more tension with the United States. President Trump in January suspended hundreds of millions of dollars in security assistance after accusing Pakistan of failing to curb militants, including the Taliban, whose battlefield gains have drawn the U.S. military back into a fighting role in Afghanistan.

But since then, U.S. officials say they have seen little change in Pakistan's pursuit of anti-American extremists.

Allies of the militant leader Hafiz Saeed, who is wanted by the U.S. for his alleged role in 2008 terrorist attacks in Mumbai, India, were allowed to run as candidates in the election. And last month an international monitoring group placed Pakistan on a watch list for taking inadequate steps to combat terrorism financing.

Pakistan has long denied allegations that it supports Taliban leaders based on its soil. As the U.S. explores direct

negotiations with the Taliban for the first time in an effort to end the 17-year Afghanistan war, it is likely to renew pressure on Pakistan to help bring militant leaders to the table.

"The problem is that no civilian leader has been able to scale back the problem of the military's dominance in foreign policy and national security — and I don't think Imran Khan is going to raise any questions," said Alyssa Ayres, a South Asia expert at the Council on Foreign Relations.

"There are just no signs that an Imran Khan-led government is one that will want to take on a positive leadership role in the relationship with the U.S.." she said.

In a televised victory speech, Khan spoke in conciliatory terms about the United States and India. He also praised Western countries as he pledged to improve accountability for corruption, saying that "if the West has been successful, it's because the law is the same for everybody."

The product of an elite prep school in Lahore, Khan studied at Oxford University before joining the national cricket team and, with his rugged good looks, later became a fixture on the London nightclub circuit. After his playing days Khan found religion — in February he wed his former spiritual advisor, his third marriage — and formed his Pakistan Tehreek-e-Insaf, or Movement for Justice, party in 1996.

"After 22 years of struggle, my prayers have been answered," Khan said. "I have gotten the chance to fulfill my dream and serve the nation."

In a country reeling from a fiscal crisis and weakening currency, Khan echoed the populist messages he sounded on the campaign trail. He pledged to alleviate poverty, reduce government expenses and use the prime minister's house as an educational institution — saying he would be "embarrassed" to live in the palatial residence.

His campaign appealed to a broad spectrum of Pakistanis fed up with corruption, and he touted police and education reforms in the northern province of Khyber Pakhtunkhwa, led by his party.

Khan pledged Thursday to build a "new" Pakistan with values like those of Medina, a holy city in Saudi Arabia that thrived in the 7th century and established a welfare state in accordance with Islamic laws.

"Today our state is in shambles," he said. "All our policies aim to help the less fortunate prosper."

But he dismayed some of his followers when he chose to field candidates who were formerly allied with Sharif's party in order to win seats in populous Punjab province — prompting criticism that he was cozying up to the corrupt elites he opposed.

He also faces a looming challenge over Pakistan's lack of foreign currency reserves, which could require the country to seek a bailout from the International Monetary Fund. Khan had dismissed such a move in the past but has recently indicated he was open to foreign assistance.

"He's been very domestically focused, but now, given Pakistan's economic crisis, foreign relations are crucial," said Moeed Yusuf, associate vice president of the Asia Center at the United States Institute of Peace. "He's an unknown quantity for the most part internationally."

Allegations of fraud and manipulation marred a milestone election — the second consecutive nonviolent transfer of power between elected governments in a country that has been under military rule for much of its 71-year history.

The incumbent party formerly led by Sharif — who served as prime minister three times and is now jailed on corruption charges — was in second place. It said that unexplained delays in releasing electronic vote totals amounted to a "humiliation of the public mandate."

Sharif's younger brother Shahbaz, leading the party in his absence, suggested he would challenge the results, hinting at a bitter legal battle but one he was unlikely to win, given that the army and judiciary have typically worked hand in glove.

Last year, after documents leaked from a Panamanian law firm suggested Sharif's family had stashed undeclared wealth overseas, the judiciary targeted him with corruption charges that forced him from office and brought a 10-year prison sentence. He is appealing his conviction.

Khan rejected allegations of favoritism and said the election was "the fairest in Pakistan's history."

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#### Pakistan's New Leader Vows To Reset Relations With U.S. (Shah, Spindle, WSJ)

After sweeping to power in a disputed election, Imran Khan calls for a 'mutually beneficial' relationship, lays out an ambitious domestic agenda

Thursday, July 26, 2018

Wall Street Journal

By Saeed Shah And Bill Spindle

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Khan Claims Win In Pakistan With Vows On Poverty, US Ties (Gannon, Ahmed, AP)

Friday, July 27, 2018 Associated Press

#### By Kathy Gannon And Munir Ahmed

ISLAMABAD (AP) — Former cricket star Imran Khan declared victory Thursday in Pakistan's parliamentary election and vowed to run the country "as it has never before been run" by fighting corruption, seeking regional cooperation and forging a new relationship with the U.S. that was not "one-sided."

TV stations reported Khan and his Tehreek-e-Insaf party, or PTI, maintained a commanding lead from Wednesday's balloting. But his leading rival, Shahbaz Sharif, rejected the outcome, citing allegations of vote-rigging.

Pakistan's election commission struggled with technical problems and had to revert to a manual count, delaying the announcement of final results until Friday. That left unclear whether the PTI will have a simple majority in the National Assembly or have to form a coalition government.

But that didn't stop the 65-year-old Khan from proclaiming his triumph in an address to the nation, in which he pledged to create an Islamic welfare state to provide education and employment for the poor to fulfill a campaign promise to create 10 million jobs.

"Today in front of you, in front of the people of Pakistan, I pledge I will run Pakistan in such a way as it has never before been run," Khan said, vowing to wipe out corruption, strengthen institutions he called dysfunctional and regain national pride by developing international relationships based on respect and equality.

While Khan appeared casual and conciliatory in his speech, his words were laced with passion. He said the United States treats Pakistan like a mercenary, giving it billions of dollars to fight the war on terrorism in a region beset with militant extremists.

"Unfortunately, so far our relations were one-sided. America thinks that it gives Pakistan money to fight for them. Because of this Pakistan suffered a lot," said Khan, who has been critical of the U.S.-led conflict in neighboring Afghanistan.

He offered nothing to suggest an improvement in Pakistan's already testy relationship with Washington since President Donald Trump's tweets in January that accused Islamabad of taking U.S. aid and returning only lies and deceit.

Seeking good relations with his neighbors, Khan addressed Pakistan's rival, India. The two nuclear powers have had a long-running conflict over the disputed region of Kashmir.

"Take one step toward us and we will take two steps toward you," he said in a peace offering while still decrying widespread human rights abuses in Kashmir.

Khan also advocated an open border policy with Afghanistan, even suggesting the two countries embrace a "European Union" type relationship. The plan seems unlikely, with Pakistan's military already building hundreds of border outposts and an accompanying fence along its western frontier with Afghanistan despite often-violent opposition from Kabul.

Khan focused on what he wanted to do for the poor in Pakistan and his vision of a country that bowed to no one, where everyone was equal under the law and taxes were paid by the rich to fund services for the less fortunate.

His campaign message of a new Pakistan seemed to resonate with young voters in a country where 64 percent of its 200 million people are under 30.

Khan said the elections were the most transparent and promised to investigate every complaint of irregularity that his opponents presented.

"It is thanks to God (that) we won and we were successful," he said.

More than a dozen TV channels projected the PTI would win as many as 119 seats of the 270 National Assembly seats that were contested, although the broadcasters did not disclose their methodology. The rest of the 342-seat parliament includes seats reserved for women and minorities. Voting for two seats was postponed after one candidate died during the campaign and another was disqualified.

Although rights groups and minorities expressed worries ahead of the voting about radical religious groups taking part, moderate voices seemed to have prevailed: None of the 265 candidates fielded by the outlawed Lashkar-e-Taiba won. That includes the son of co-founder and U.S.-designated terrorist Hafiz Saeed, who has a \$10 million U.S. bounty on his head.

The candidates campaigned under the little known Allah-o-Akbar Tehreek party because Lashkar-e-Taiba is banned.

Even if Khan's party wins a simple majority, he would need to wait until the president convenes the parliament to swear in the new lawmakers — traditionally within a week.

He also faces opposition over the result from Sharif. He heads the Pakistan Muslim League, the party of his older brother, former Prime Minister Nawaz Sharif, who is in prison on corruption charges. TV projections give his party barely 61 seats.

The younger Sharif tweeted that "our democratic process has been pushed back by decades," adding that "had the public mandate been delivered in a fair manner, we would have accepted it happily."

Complaints also emerged from the independent Human Rights Commission, which issued a statement saying that women were not allowed to vote in some areas.

In other areas, it said, "polling staff appeared to be biased toward a certain party," without elaborating. In the days before the election, leading rights activist I.A. Rehman called the campaign "the dirtiest" in Pakistan's bumpy journey toward sustained democracy.

Analysts have expressed concern that disgruntled losers could create instability for the incoming government, which must deal with a crumbling economy, crippling debt and a raging militancy.

The voting was marred by a suicide bombing in the southwestern city of Quetta, the Baluchistan provincial capital, that killed 31 people as they waited to vote. A bombing in the same province earlier this month killed 149 people, including a candidate for office. Baluchistan has been roiled by relentless attacks, both by the province's secessionists and Sunni militants who have killed hundreds of Shiites there.

The election marked only the second time in Pakistan's 71year history that one civilian government has handed power to another.

There were widespread concerns during the campaign about manipulation by the military, which has directly or indirectly ruled Pakistan for most of its existence. The military had deployed 350,000 troops at the 85,000 polling stations.

In a tweet, Pakistan's military spokesman Gen. Asif Ghafoor called allegations of interference "malicious propaganda."

Associated Press Writer Zarar Khan in Islamabad contributed to this report.

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# Imran Khan Declares Victory, But His Win Could Thrust Pakistan Into Turmoil (Constable, WP)

Thursday, July 26, 2018

Washington Post

By Pamela Constable

ISLAMABAD, Pakistan — Imran Khan, a onetime international cricket star and tabloid playboy who reinvented himself as a crusading anti-establishment politician, declared victory Thursday for his party in parliamentary elections, even

as his rivals charged that the polls had been rigged and the official results remained unclear.

In a statesmanlike address, Khan set out a grand vision for a new government that would end corruption in high places, protect the weak and ensure equal rights for all. But the taint of a questionable victory, and the contentious aftermath of an election that toppled the ruling party, seemed more likely to usher in a period of political turmoil than a smooth transition.

Pakistan, a nuclear-armed state and a longtime security ally of the United States, has a history of elected leaders being overthrown by the military or pushed out by other institutions such as the courts. Until 2008, no elected head of state had finished a full term. Wednesday's election has been seen as a critical test of the democratic institutions in a country with a strong, influential military.

Although security officials vowed to remain neutral, the military was accused of interfering in the election on Khan's behalf, including reports that some promising candidates from the ruling Pakistan Muslim League-N were covertly induced to leave the party. On election day, opponents from several major parties alleged fraud at the polls.

Khan has often publicly praised the military but has denied any collusion. Some critics, especially the family of former prime minister Nawaz Sharif, have called the election a "soft coup." Even if unproven, the association could harm Khan's relations with other parties as he tries to form a coalition government or rule on his own.

In his speech Thursday, Khan tried to placate the election critics, offering to help probe any wrongdoing at the polls.

"I feel this election has been the fairest in Pakistan's history," he said, "and still if any party has any doubt, we will open up the result of those constituencies for investigation."

Pins with images of Imran Khan at an Islamabad market on Thursday. (Athit Perawongmetha/Reuters)

Supporters of gather outside his residence in Islamabad on Thursday. (B.K. Banagsh/AP)

Khan also briefly described his foreign policy plans, saying he wanted to have "mutually beneficial" relations with the United States. In the past, he has strongly condemned the U.S. deployment of drones to kill suspected Taliban extremists in the border areas of Pakistan.

Both Khan's acolytes and his adversaries acknowledged that his sudden ascent as the dominant force in Pakistani politics could potentially bring enormous change to a country where power has long resided in a feudal elite and its military allies.

Yet some analysts pointed out that Khan's ambitious agenda — massive job creation, economic reforms — could easily

become sidetracked by such in-trac-table problems as high illiteracy and birthrates, violent religious extremism, a fast-falling currency and dangerous shortages of water and power in the impoverished Muslim-majority nation of nearly 208 million.

"Although this is a dream that has devoured him for two decades, he may well find it a poisoned chalice," columnist Irfan Husain wrote in Dawn newspaper.

Above all, Khan seems to be counting on his personal charisma and passion — qualities that once wowed cricket fans and made him a magnet for women, then drove him to succeed in politics and energized his winning campaign — to carry over into the messy business of governing.

Although still Mick Jagger-lean and craggily handsome in his mid-60s, Khan bears little resemblance to the sports celebrity who burned up the London tabloids in the 1990s with his hard-partying exploits and storybook marriage to Jemima Goldsmith, a beautiful British socialite. (Divorced with two children, the two are still close, and she tweeted him congratulations on his election win.)

From left, Imran Khan sits with then-wife Jemima Khan, Princess Diana and mother-in-law Lady Annabel Goldsmith in 1996 at his cancer hospital in Lahore, Pakistan. (John Giles/Associated Press)

Supporters of Imran Khan shower him with rose petals at Taxila near Islamabad in May 1995. (B. K. Bangash/AP)

Imran Khan takes part in a cricket match between Pakistan and India in October 1978. (Patrick Eagar/Popperfoto/Getty Images)

These days, he has been cultivating his image as a pious Muslim, often wearing a traditional tunic and pajamas, fingering prayer beads and huddling with religious party leaders. In February, as the campaign was getting underway, he married a woman named Bushra Maneka, whom he described as his "spiritual adviser," then published photos of their nuptial ceremony with her face and body fully hidden beneath scarves.

Soon after that, though, Reham Khan, another woman Khan had married briefly in 2015 and divorced, was reported to be writing a tell-all book about his scandalous personal behavior. She told the Times newspaper that the book was not ready to be published but that issues such as "sexual harassment, sexual perversion, sexual favors" are "in the public interest" when they are "connected to someone's ability to govern."

For two decades, Khan has waged a one-man crusade against the Pakistani establishment. He started out giving anti-corruption speeches on sidewalks, then began staging mass rallies that were more like festivals. He ran for

Parliament in 2013, winning 13 percent of the vote and building an enthusiastic young following. He challenged then-Prime Minister Sharif in court, accusing him of hiding wealth abroad, in a case that led Sharif to be barred from political office and sentenced to 10 years in prison.

This year, Khan again challenged the Sharif dynasty at the polls, running for an unprecedented five seats in Parliament from districts across the country. He won them all, even defeating former prime minister Shahid Khaqan Abbasi, a former top aide to Sharif, by a 2-to-1 margin. He has played down his own considerable wealth and often draws attention to a cancer hospital he built in Lahore, Pakistan, through his private charity.

In his victory speech from his sprawling home above the capital, Khan spoke and acted like a self-confident leader, in full command and ready to rule, with a detailed list of plans, policies and promises to raise Pakistan's struggling "masses" and end the corrupt ways of an entrenched elite.

He pledged to create a government and an "Islamic welfare state" that would fulfill the unrealized democratic dream of Pakistan's founder, Mohammad Ali Jinnah, and he vowed to set an example by living "humbly" and eschewing the luxuries of political power. He laid out a range of proposed reforms, including better public education and tax collection.

Yet the election was not over, and the shocks continued Thursday as more results were reported throughout the day, with numerous veteran politicians losing seats they had held for years. People in scattered communities were still mourning more than 225 victims of multiple suicide bombings in the past month, several at campaign rallies and one on election day.

And Khan, whose party needs to win 141 seats to form its own government and guarantee he becomes prime minister, is more likely going to have to navigate the complex waters of compromising and dealmaking with his erstwhile election rivals — possibly even some of those whom the spellbinding orator insulted as "donkeys" in an unguarded moment on the campaign trail.

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### The Rise, Fall And Rise Again Of Imran Khan, Pakistan's Next Leader (Gettleman, NYT)

Thursday, July 26, 2018 New York Times By Jeffrey Gettleman

LAHORE, Pakistan — Imran Khan, a charismatic cricket star who has fiercely criticized American counterterrorism policy in a region plagued by extremism, appeared poised on Thursday to become Pakistan's next prime minister.

After preliminary results showed his party decisively ahead in an election that critics say was marred by military intervention to help him, Mr. Khan addressed the nation on television, outlining what he would do as prime minister.

He said he would fight corruption at the highest levels, improve relations with China, seek a "mutually beneficial" relationship with the United States and create a just welfare state along the lines of what the Prophet Muhammad did centuries ago.

"We're going to run Pakistan in a way it's never been run before," he said.

He also said he would never live in the prime minister's mansion. In a country of so many poor people, he said, "I would be embarrassed" to stay in such a house.

For years, Mr. Khan had tried but failed to take the reins of this nuclear-armed Islamic republic, which has struggled with poverty, economic stagnation and instability and which is increasingly torn between its two biggest allies: China and the United States. But this time around, he found a powerful ally in Pakistan's military.

In recent months, army and intelligence officers pressured, threatened and blackmailed politicians from rival parties, human rights groups have said, steadily thinning out Mr. Khan's competition.

Members of rival parties said some ballot counting had been done in secret, guarded by soldiers, but Pakistan's election authorities said the vote, on Wednesday, had been fair.

"The way this stage has been set, it would have been a surprise if he didn't win," said Nighat Dad, the executive director of Digital Rights Foundation, an advocacy group.

Mr. Khan's ascendance injects a volatile element into relations with the United States under President Trump, who has accused Pakistan of lying about the Taliban, Al Qaeda and other militants embedded in Pakistan and Afghanistan.

Mr. Khan has denied that and accused the United States of reckless murder in its use of drone strikes on suspected extremists in his country, signaling he wants them to stop.

Friends and foes describe Mr. Khan, 65, as relentless, charming, swaggering and highly unpredictable.

[Watch Jeffrey Gettleman answer viewer questions about the Pakistan elections.]

As a young man, his good looks, prowess on the cricket pitch and success with women made him something of a fascination in England, where he lived for a time. In 1982, he posed for a London newspaper lounging on a bed, wearing only briefs.

"Imran Khan is worried in case I portray him as a sex symbol," wrote the London newspaper journalist sent to interview him. "This is possibly why Imran is stretched across his hotel bed wearing only a petulant expression and a pair of tiny, black satin shorts."

But a complex, mysterious transformation would begin soon after. In 1992, Mr. Khan captained Pakistan's cricket team to a World Cup victory over England, the country's former colonial ruler. It was a moment of immense Pakistani pride, and Mr. Khan was at the center of it.

But looking back on it, he told interviewers, he felt empty.

He began to stay away from the clubs, the partying, the girlfriends. He began a quest to build a cancer hospital in Pakistan for the poor; his mother had died of cancer, and the two had been close.

He turned to Islam and the Sufi sect, which he said helped lend purpose to his life.

Then he entered politics. Pakistan in the late 1990s was a mess: Its Machiavellian spy services were working with the United States and, at the same time, supporting the Taliban and Osama bin Laden. The country was poor, troubled and divided — which could still be said today.

Mr. Khan seized on a single issue: governance.

"In Pakistan, the main problem is not extremism," he said in a recent interview with The New York Times. "We are a governance failure. And in any third world country, the moment the governance collapses, mafias appear."

He focused on corruption, repeatedly stating that a few political dynasties had shamelessly enriched themselves while governance weakened and the country grew poorer.

But Mr. Khan's shouts for reform were not taken seriously at first. The Justice Movement he founded in 1996 initially won only one seat in Parliament — his — and a Pakistani newspaper ridiculed him as "Im the Dim."

His personal life also careened back and forth, always attracting enormous attention, especially after he married a wealthy British heiress, Jemima Goldsmith. She converted to Islam, they had two children, and tried living in Pakistan together. But it did not last, and they divorced. Mr. Khan married twice more, the last time to his spiritual healer, which again raised eyebrows across Pakistan.

But he seemed adept at not letting the gossip pages distract him, and he kept hammering on about corruption. And two years ago, he received a gift from the Panama Papers.

Those files, an avalanche of millions of leaked confidential documents from a law firm in Panama, included several pieces of information that incriminated Pakistan's prime

minister at the time, Nawaz Sharif. Evidence began to build that Mr. Sharif had stolen millions of dollars from public coffers in Pakistan to buy expensive apartments in London, under the names of his children.

Mr. Khan capitalized on this and called for Mr. Sharif to resign. The Supreme Court removed Mr. Sharif from office, and just two weeks ago, right before the election, Mr. Sharif and his daughter were imprisoned.

Few would disagree that corruption is out of control in Pakistan. But many observers here saw something in Mr. Sharif's downfall that was more selective, possibly more sinister.

The widespread suspicion was that Pakistan's powerful military and intelligence services had pressured the judiciary to take out Mr. Sharif, clearing a path for Mr. Khan to take over. Mr. Sharif had clashed with the army chiefs, even some of those he had chosen, many times. He was a thorn in their side.

Mr. Khan, on the other hand, was someone the military bosses seemed to think they could work with. Analysts said he shared their worldview, in which Pakistan would kowtow less to the United States and talk more with the Taliban and other extremist groups.

In the prelude to the election, the military seemed to push even harder for Mr. Khan. Human rights groups, academics and members of other political parties said security officers threatened politicians to defect to Mr. Khan's side. Several did.

That does not mean that Mr. Khan was not genuinely popular. He was, especially among young men who lionized him as a sports hero. As elections loomed, a Khan wave swept Pakistan. His face was everywhere — on banners, lampposts and torn flags flying from the sputtering rickshaws that flit in and out of traffic. His supporters were the most energized and confident. His party's symbol: a cricket bat.

Votes were still being tabulated on Thursday, but Mr. Khan's party was far ahead, though still falling short of an outright majority in Parliament. According to results on state television, Mr. Khan's party had 120 seats, Mr. Sharif's party 61 and a party run by the Bhuttos, one of Pakistan's most storied political families, 40.

Even with some vote rigging allegations unsettled, it is widely expected that Mr. Khan will entice politicians from several smaller parties to join a coalition government, with him as prime minister. Depending on how many smaller parties he woos, his government could be strong or weak.

What will Mr. Khan face?

Domestically, the challenges will be overwhelming. Pakistan's electricity grid is disintegrated, its infant mortality rate is among the most distressing in Asia, its currency is sliding, and its debt — especially to China — is ballooning. So many Pakistanis are unable to find jobs that every year, countless young men set off on a desperate exodus to the Middle East to work as street cleaners, luggage handlers, anything.

Internationally, Pakistan is in a pinch. China has extended it billions to build roads and other infrastructure, which at the current rate will be impossible to repay.

At the same time, President Trump has cut hundreds of millions of dollars in foreign aid. "They have given us nothing but lies & deceit, thinking of our leaders as fools," Mr. Trump said of Pakistan in a tweet in January. "They give safe haven to the terrorists we hunt in Afghanistan, with little help. No more!"

#### Mr. Khan deeply disagrees.

"To blame Pakistan for that disaster is extremely unfair," he said in the recent Times interview. "The moment the U.S. went into Afghanistan, everyone knew what was going to happen."

"It was the history of Afghanistan," he added, citing the defeat of occupying Soviet troops in the 1980s. Just as with the Soviets, he said, the longer the Americans stayed, the more resistance would grow.

Pakistan, he says, has borne "the brunt of the war on terror," and he lamented what he called a misguided strategy that has killed thousands of people in his country and deprived Pakistan of billions of dollars in lost business. For years, he has been a particularly vocal critic of American drone strikes.

All these positions play well with many Pakistanis. So does Mr. Khan's recent support for the country's strict blasphemy laws. Pakistan is socially conservative, and about 96 percent of citizens are Muslim.

Mr. Khan's positions on religion have tacked like a sailboat over the years. But as the election drew closer, he seemed to set his course for the Islamists. In the past, he expressed support for the application of strict Islamic law, including hand amputations for thieves.

Mr. Khan has successfully rebranded himself as a populist alternative to Pakistan's political elite, whom voters seemed more than ready to jettison.

But his life, in many ways, could not have been more different from that of most Pakistanis.

Born to a rich family in Lahore, Mr. Khan went to the best schools in Pakistan and in England, including Keble College, Oxford. He is independently wealthy, still travels abroad regularly and remains quite close to Ms. Goldsmith, despite their divorce.

Though many acquaintances credit him with being charming, he can also come across as remote and desultory. His attendance record as an elected member of the National Assembly, Pakistan's Parliament, was one of the worst.

Many analysts wonder how long Mr. Khan's friendship with the military will last.

"He is known to have erratic behavior and a very unpredictable personality," said Taha Siddiqui, a journalist, commentator and critic of the military who recently moved to France, saying he feared for his safety.

Salman Masood contributed reporting from Islamabad, Pakistan; and Meher Ahmad and Daniyal Hassan from Lahore.

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#### Pakistan's Khan Poses U.S., China Challenges (Pollard, Marlow, BLOOM)

Thursday, July 26, 2018

<u>Bloomberg News</u>

By Ruth Pollard And Iain Marlow

Want to receive this post in your inbox every morning? Sign up for the Balance of Power newsletter, and follow Bloomberg Politics on Twitter and Facebook for more.

The likelihood that former playboy cricketer Imran Khan, known for courting Islamist fringe groups, will lead the nuclear-armed nation of Pakistan is sure to raise eyebrows in Washington and Beijing.

Khan's elevation – in an election marred by violence and allegations of military interference and vote rigging – would clear the way for Pakistan to open negotiations with the International Monetary Fund over another, much-needed bailout. Investors are already expressing relief at the prospect of an outright win after expectations of a hung parliament.

But he's also earned the moniker "Taliban Khan" from critics for cozying up to Pakistan's Islamists. He's funded a radical madrassa and said in the past that he will shoot down U.S. drones. The candidate maintains it's not Pakistan's support of proxy groups preventing peace in Afghanistan, but America's presence, which puts him in direct conflict with U.S. President Donald Trump.

China might not be pleased either. Beijing is flooding Pakistan with more than \$60 billion in infrastructure loans and investments. Khan, who won power as an anti-corruption crusader, has said these projects need more transparency.

For now, he may choose to focus on Pakistan's economy rather than battle the country's powerful generals over foreign policy and national security issues. Global Headlines

Crisis averted – for now | European carmakers surged after Trump and European Commission President Jean-Claude Juncker declared a ceasefire in their trade spat and agreed to negotiate to reduce barriers to transatlantic commerce. The leaders pledged to expand European imports of U.S. liquefied natural gas and soybeans and to lower industrial tariffs. But experts are divided on what the deal means for U.S. tensions with China.

Impeachment articles | Eleven U.S. House conservatives took the dramatic step late yesterday of filing articles of impeachment against Deputy Attorney General Rod Rosenstein, based on what they say has been nearly nine months of stonewalling of congressional demands for documents related to Special Counsel Robert Mueller's Russian meddling investigation. Rosenstein, though, has proved resilient so far to threats from lawmakers, and some are predicting he'll ride out this latest attack.

Backing away from Putin | The White House announced yesterday that Trump will delay until next year a second summit with Russian President Vladimir Putin that they'd considered scheduling for this fall in Washington. The move, coinciding with Secretary of State Michael Pompeo's Senate grilling over Russia policy, follows a wave of bipartisan criticism of the invitation.

Brexit horsetrading | Theresa May could allow the EU to impose its market regulations on Northern Ireland when the rest of the U.K. breaks away, potentially enraging her key allies in Parliament. The premier is prepared to make that concession to break the deadlock in negotiations, with some EU countries pushing for concessions to the City of London.

User disenchantment | Facebook has been working to convince users it has their best interests at heart, but second-quarter revenue and average daily visitors still missed analysts' projections. The company's first financial stumble in three years comes amid public scandals over privacy and content. Look out for the opening of U.S. markets today when its \$151 billion rout could rewrite the history books.

And finally... The European Commission is declaring victory after its agreement with the U.S. prevented the global trade war from escalating. But with no sign Trump plans to return to the Paris Climate Accord, it seems the EU has ditched its pledge to make emissions controls part of any future trade pacts.

— With assistance by Caroline Alexander, and Kathleen Hunter

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### Pakistan's Imran Khan Declares Election Win For His Party (Gannon, Khan, WT)

Thursday, July 26, 2018

<u>Washington Times</u>

By Kathy Gannon And Zarar Khan

Pakistan's cricket star turned politician Imran Khan declared victory Thursday for his party in the country's general elections, promising a "new" Pakistan following a vote that was marred by allegations of fraud and militant violence.

Khan, who aspires to be the country's next prime minister, said in a televised address to the nation that "thanks to God, we won and we were successful."

"If God wills, we will set an example," he added.

Pakistan's election commission has not yet released official, final results but Khan has maintained a commanding lead according to projections by many television stations, though it's unclear if his Tehreek-e-Insaf party, or PTI, would get a simple majority or have to form a coalition govrnment.

Election officials said an official count confirming Pakistan's next government was expected later in the evening.

Khan's message of a "new" Pakistan resonated with young voters in a country where 64 per cent of its 200 million people are below the age of 30, according to a United Nations report.

More than a dozen TV channels in Pakistan, based on official but partial counts, were projecting – using their own, undisclosed methodologies – that Khan's Pakistan Tehreeke-Insaf party is getting as many as 119 seats of the 270 National Assembly seats that were contested.

The remainder in the 342-seat Lower House of Parliament includes reserved seats for women and minorities. Voting for two seats was postponed after one candidate died during the campaign and another was disqualified.

But before even half the votes were counted, Khan's leading rival Shahbaz Sharif, who heads the Pakistan Muslim League – the party of jailed ex-prime minister Nawaz Sharif – rejected the vote, generating fears that disgruntled losers could delay the formation of the next government. Television projections give his party hardly 61 seats.

In a tweet on his official page, Sharif said "our democratic process has been pushed back by decades," adding that "had the public mandate been delivered in a fair manner, we would have accepted it happily."

Complaints have also emerged from the independent Human Rights Commission, which issued a statement saying that in some places women were not allowed to vote. In other areas, it said, "polling staff appeared to be biased toward a certain party," without naming the party. In the days before Wednesday's election, leading rights activist I.A. Rehman called the campaign "the dirtiest" in his country's troubled journey toward sustained democracy.

Analysts have expressed concern that disgruntled losers could create instability for the incoming new government, which will face mounting challenges – including a crumbling economy, a crippling debt and a raging militancy.

As voting got underway on Wednesday in the southwestern city of Quetta, the Baluchistan provincial capital, militants sent a suicide bomber to a crowding polling station to carry out a deadly attack that killed 31 people.

The election, in which Pakistanis voted for the National Assembly, the lower house of parliament, and the four provincial assemblies, marked only the second time in Pakistan's 71-year history that one civilian government has handed power to another in the country of 200 million people.

Yet there have been widespread concerns during the election campaign about manipulation by the military, which has directly or indirectly ruled Pakistan for most of its existence. The military had deployed 350,000 troops at the 85,000 polling stations.

In a tweet on his official account, Pakistan's military spokesman Gen. Asif Ghafoor called accusations of interference "malicious propaganda."

Baluchistan also saw the worst violence during campaigning earlier this month, when a suicide bomber struck at a political rally, killing 149 people, including the candidate Siraj Raisani. Another 400 were wounded. The Islamic State group claimed responsibility for that attack. Baluchistan has been roiled by relentless attacks, both by the province's secessionists and Sunni militants who have killed hundreds of Shiites there.

Throughout the night and into Thursday, Khan supporters celebrated outside party offices countrywide. Most of the revelers were young men, who danced to the sound of beating drums draped in Tehreek-e-Insaf party black and green-colored flags.

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### Outrage Grows Over Attacks On Muslim Cattle Traders In India (Sharma, AP)

Thursday, July 26, 2018 <u>Associated Press</u> By Ashok Sharma

NEW DELHI (AP) — When a mob of Hindu villagers thrashed a Muslim cattle trader last week in western India, police rushed to the scene. First, they took his two cows to an

animal shed, then kept him for about three hours in the police station.

When they finally took 28-year-old Rakbar Khan to the nearest hospital around 4 a.m. Saturday, doctors said he was dead.

A series of mob attacks on minority groups involved in cattle trade have been on the rise since the Hindu nationalist Bharatiya Janata Party swept elections in 2014. The opposition raised the issue repeatedly in Parliament this week, criticizing the government for its inability to protect traders.

Haroon Khan, a relative of the man who died in Rajasthan state last week, said the reason Rakbar Khan was taking the cows at night was "because we can't venture out in daylight (to transport cows). There is so much fear."

The mob who assaulted him "beat him so badly and mercilessly that they broke the bones of his feet and hands, broke his neck," Haroon Khan said.

As the opposition and human rights group expressed outrage at Khan's killing, a top Rajasthan state police officer, N.R.K. Reddy, said there was an "error of judgment" on the part of the police.

"It was a mistake by the police officer to keep the injured for so long in the police station," said state Home Minister Gulab Singh Kataria.

He told reporters on Tuesday that police should have taken the injured to the hospital in the first place instead of delivering cows to the shelter.

The evidence collected so far points to Khan's death in custody, he added. An investigation is underway.

Police have arrested three suspects in the beating and suspended one officer. Kataria said four to five people had attacked Khan.

Most of the attacks by so-called cow vigilantes from Hindu hard-line groups have targeted Muslims, who make up 14 percent of India's 1.3 billion people.

Cows are considered sacred in Hindu-majority India, and slaughtering them or eating beef is illegal or restricted across much of the country.

The victims have been accused of either smuggling cows for slaughter or carrying beef. Last month, two Muslims were lynched in eastern Jharkhand state on charges of cattle theft.

Dozens of people have been killed in such attacks. The vigilante groups are mostly Hindu hard liners believed to be tied to Prime Minister Narendra Modi's ruling party.

Rights groups and Muslims say government officials, including Modi, have been slow to strongly condemn the attacks and that police action against perpetrators has been inadequate. The government denies the charge.

With vigilante attacks on the rise, India' top court earlier this month ordered the government to introduce a new law to stop deadly mob violence. In addition to attacks targeting cattle traders or presumed beef consumers, mobs have also attacked innocent people who were targeted by social media rumors claiming they belonged to child-kidnapping gangs.

India's Home Minister Rajnath Singh this week set up a committee to formulate appropriate measures to deal with such incidents and ordered state governments to sternly deal with such crimes.

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### Indian Firm Wants Ohio Aluminum Maker. Will Trump Approve? (Goel, NYT)

Thursday, July 26, 2018 New York Times By Vindu Goel

MUMBAI, India — Last year, the Trump administration blocked a Chinese company from buying an Ohio-based aluminum maker, Aleris, citing concerns about national security.

Will President Trump and his advisers feel differently about an Indian company purchasing Aleris instead?

On Thursday, one of India's biggest industrial conglomerates, the Aditya Birla Group, announced that its aluminum and copper subsidiary had struck a deal to buy Aleris for \$2.6 billion, including the assumption of existing debt.

The transaction would make the Birla subsidiary, called Hindalco, the second-largest aluminum producer in the world by volume, after China Hongqiao Group.

Under federal rules, the deal must be approved by the Committee on Foreign Investment in the United States, a secretive panel of government officials that advises the president on whether to stop acquisitions of American companies by foreigners.

In recent years, the panel, known as Cfius, has been particularly skeptical of Chinese companies seeking to buy American businesses in important industries like computer chips and financial services.

Last summer, Cfius refused to sign off on a proposed \$2.3 billion purchase of Aleris by a company controlled by the Chinese metals magnate Liu Zhongtian. That effectively killed the deal and pushed Aleris's investors — principally Oaktree Capital Management, Apollo Global Management and Bain Capital — to find another buyer.

The Indian transaction could be one of the first reviewed under a new law, expected to be passed by Congress soon, to broaden the powers of Cfius.

Hindalco executives said they did not anticipate running into the same difficulties that the Chinese buyer encountered.

But Kumar Mangalam Birla, who leads the Aditya Birla Group, noted that Mr. Trump is unpredictable.

"We don't know how he thinks," Mr. Birla said at a news conference in Mumbai, where his company has its headquarters.

The Trump administration has been trying to build a stronger relationship with India as a counterweight to China. At the same time, trade tensions have been rising.

Mr. Trump has lashed out at India's high tariffs on products like Harley-Davidson motorcycles. His recent imposition of tariffs on imported steel and aluminum has hurt Indian producers, prompting India to respond with higher tariffs on American almonds, apples, shrimp, and iron and steel products.

Hindalco already has a large American subsidiary, Novelis, that is based in Atlanta and will merge with Aleris.

Novelis dominates the aluminum can business and is a major supplier to the auto industry. Aleris, which is based in suburban Cleveland, would bring strong positions in aluminum for buildings and airplanes and a newly expanded factory in Lewisport, Ky., that serves automakers.

"We're investing in the U.S.," Devinder Ahuja, the chief financial officer of Novelis, said in an interview. "We're creating jobs in the U.S. That's what the U.S. administration wants."

Mr. Ahuja said that Novelis would continue with Aleris's previously announced expansion plans and did not envision layoffs beyond areas of clear duplication like top management and the corporate back office.

Hindalco also intends to bring some of Aleris's advanced technology back to India to improve its domestic operations and better serve the local auto and construction markets.

By owning an American aluminum maker like Aleris, Hindalco would benefit from Mr. Trump's 10 percent tariff on aluminum imports, although Aleris also has operations in Europe and

China that could suffer if current tensions devolve into a full-scale trade war.

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#### Cricket Star Imran Khan Wins In Pakistan But Needs Coalition (Gannon, Ahmed, AP)

Friday, July 27, 2018
<u>Associated Press</u>
By Kathy Gannon And Munir Ahmed

ISLAMABAD (AP) — It's official: Pakistan's Election Commission on Friday declared former cricket star Imran Khan's party the winner of Pakistan's historic third consecutive election of a civilian government, but he didn't win an outright majority and must form a coalition.

After two days of tediously slow vote counting, Khan's Pakistan Tehreek-e-Insaf party won 109 of 269 seats in the National Assembly with his nearest rival, Shahbaz Sharif's Pakistan Muslim League, winning 63 seats. Sharif, who heads the party of jailed ex-prime minister Nawaz Sharif, earlier rejected the results charging widespread fraud and manipulation.

In Pakistan, where a British-modeled parliamentary system is in place, voters on Wednesday elected lawmakers to both its National Assembly and its four provincial Parliaments.

Fawad Chaudhry, spokesman for Khan's party, said efforts were already underway to form a coalition, looking to both independents and allies, but the process is likely to take several days. Still, on Thursday the 65-year-old Khan made his first speech to the nation declaring his party victorious based on projections.

"Today in front of you, in front of the people of Pakistan, I pledge I will run Pakistan in such a way as it has never before been run," Khan said, vowing to wipe out corruption, strengthen institutions he called dysfunctional and regain national pride by developing international relationships based on respect and equality.

But there is a long way to go before Pakistan's national and provincial governments are in place and Khan can set out on his agenda.

His opponents and rights groups charge that widespread fraud and massive manipulation gave Khan's party its victory. They allege involvement of Pakistan's powerful military and its intelligence agency known by the acronym ISI. Khan has dismissed the allegations saying polling was the most transparent in the country's 71-year history, which has been dominated by military interference, either directly or indirectly.

Third place in the National Assembly went to the left-of-center Pakistan People's party with 39 seats. Results from 20 seats

were still being counted Friday but they will not change the outcome. Pakistan's National Assembly has 342 seats but only 272 are directly elected by voters. In Wednesday's election three seats were uncontested because one candidate died, another was disqualified and a third was declared. The remainder of the parliament goes to seats reserved for women and minorities.

A mix of smaller parties and independent candidates whom Khan will have to woo to form a coalition won the remainder of seats in Pakistan's National Assembly. The Election Commission said vote counting was also still underway in 20 remote areas of the country, offering the long-time politician a possibility of more seats but not an outright majority.

Adding confusion to chaos, Sharif, who has rejected the election results won the majority of seats in Pakistan's most powerful Punjab province. His party won 127 of the 297-seat provincial parliament, while Khan's PTI took 117 seats, giving neither an outright majority and forcing both to try to form a coalition government. The Punjab parliament is significant because Punjab is Pakistan's largest province, with 60 percent of the country's 200 million people. If Khan wants to implement his sweeping reform agenda his party needs to control the Punjab Parliament.

Khan's party won a sweeping majority in the conservative Khyber Pukhtunkhwa province, while the Pakistan People's Party, led by Bilawal Bhutto, the son of slain ex-prime minister Benazir Bhutto, won the most seats in southern Sindh's provincial legislature. Pakistan's largest city of Karachi and the country's financial hub is the provincial capital of Sindh.

The restive Baluchistan province beset by militant violence was won by a mix of small parties who will have to form a coalition to rule.

There will likely be days of negotiation before the makeup of Pakistan's National Assembly and four provincial parliaments are clear and the maneuvering will be watched closely by Pakistan's neighbors as well as regional powers such as China, Russia and the U.S.

Khan in his speech on Thursday revealed a clarity of vision for Pakistan's future international relationships.

While he appeared casual and conciliatory, his words were laced with passion. He said the United States treats Pakistan like a mercenary, giving it billions of dollars to fight the war on terrorism in a region beset with militant extremists.

"Unfortunately, so far our relations were one-sided. America thinks that it gives Pakistan money to fight for them. Because of this Pakistan suffered a lot," said Khan, who has been critical of the U.S.-led conflict in neighboring Afghanistan.

He offered nothing to suggest improvement in Pakistan's already testy relationship with Washington since President Donald Trump's tweets in January accusing Islamabad of taking U.S. aid and returning only lies and deceit.

Seeking good relations with his neighbors, Khan addressed Pakistan's rival, neighboring India. The two nuclear powers have had a long-running conflict over the disputed region of Kashmir.

"Take one step toward us and we will take two steps toward you," he said in a peace offering while still decrying widespread human rights abuses in Kashmir.

Khan also advocated an open border policy with Afghanistan, even suggesting the two countries embrace a "European Union" type relationship. The plan seems unlikely, with Pakistan's military already building hundreds of border outposts and an accompanying fence along its western frontier with Afghanistan despite often-violent opposition from Kabul.

Although rights groups and minorities expressed worries ahead of the voting about radical religious groups taking part, moderate voices seemed to have prevailed: None of the 265 candidates fielded by the outlawed Lashkar-e-Taiba won a seat. That includes the son of co-founder and U.S.-designated terrorist Hafiz Saeed, who has a \$10 million U.S. bounty on his head.

The candidates campaigned under the little known Allah-o-Akbar Tehreek party because Lashkar-e-Taiba is banned.

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#### **WESTERN HEMISPHERE**

#### Bishops Bloodied, Churches Besieged In Nicaragua Crackdown (Sherman, AP)

Friday, July 27, 2018 <u>Associated Press</u>

By Christopher Sherman

DIRIAMBA, Nicaragua (AP) — A pro-government mob shoved, punched and scratched at Cardinal Leopoldo Brenes and other Catholic leaders as they tried to enter the Basilica San Sebastian. "Murderers!" people shouted. An auxiliary bishop was slashed on the arm with some sort of sharp object.

The ugly scene in the normally sleepy town of Diriamba, an hour's drive south of Nicaragua's capital, was a dramatic example of how rapidly a wave of unrest has soured relations

between the Roman Catholic Church and beleaguered President Daniel Ortega.

The church has tried to play a mediating role between Ortega's Sandinista government and protesters who have increasingly demanded his ouster amid demonstrations and clashes in which about 450 people — most of them protesters — have been slain.

Instead it finds itself increasingly targeted by Ortega and his backers, reviving a hostility between the Sandinista base and the church establishment that burned hot during the 1980s but seemed to have been overcome in recent years, when the former guerrilla commander had formed a sort of alliance with once-critical bishops.

In this July 19, 2018 file photo, Nicaraguan President Daniel Ortega arrives to a rally marking the 39th anniversary of the Sandinista victory ousting the Somoza dictatorship, in Managua, Nicaragua. In his speech, Ortega accused bishops of being in league with coup-mongers calling for his ouster, and allowing weapons to be stockpiled in churches. (AP Photo/Alfredo Zuniga, File)

Brenes, the archbishop of Managua, went to Diriamba on July 9, a day after speaking to priests there by phone and hearing gunshots and ambulances. He found doctors and nurses who had tended to wounded protesters and now were sheltering inside the basilica, surrounded by pro-government forces.

"There was a fear that they would enter the church to snatch the people who were sheltering here," said the parish priest, the Rev. Cesar Alberto Castillo Rodriguez.

Despite the scuffle at the door, Brenes' delegation, which included the Vatican's top diplomat in Nicaragua, was eventually able to evacuate people from the church.

Two weeks later, despite a massive police presence, the church is covered with pro-government graffiti.

n this Monday, July 23, 2018 photo, a moto-taxi drives past the San Sebastian Basilica, that has been defaced with a message that reads in Spanish: "My commander stays," an allusion to President Daniel Ortega, in Diriamba, Nicaragua. (AP Photo/Arnulfo Franco)

"My commander stays," reads one scrawl, an allusion to Ortega, and others contain vulgar insults. They're signed "JS" for the Spanish-language initials of the Sandinista Youth, a pro-government organization that has acted as shock troops against protesters.

The basilica eventually resumed services, but like many parishes in Nicaragua, it has stopped holding Mass in the evenings when police and armed pro-Ortega mobs rule the streets.

"We realized that the people weren't coming," Brenes said.

The church, essentially the last independent institution trusted by a large portion of Nicaraguans, is witnessing the whiplashinducing shifts of Ortega, who appears to have regained his footing amid the most serious challenge to his power in the decade-plus since he regained office.

In April the president asked the church to mediate peace talks. But the dialogue quickly broke down when it became clear he would not move up elections scheduled for 2021.

In this July 16, 2018 file photo, friends and family carry the coffin containing the remains of Gerald Vasquez, an engineering student who was killed while manning a barricade near the Jesus of Divine Mercy church, in Managua, Nicaragua. (AP Photo/Alfredo Zuniga)

Last week Ortega accused bishops of being in league with coup-plotters and allowing weapons to be stockpiled in churches — without offering any evidence — and said they were "disqualified" as mediators.

Days later he reversed course again, saying he hoped the church would continue mediating and insisting that the government was not persecuting it.

"Ortega's strategy with the church has always been to either charm or to intimidate," said Henri Gooren, an anthropologist at Oakland University in Michigan and editor of the Encyclopedia of Latin American Religions. "I think he found out that charming isn't working ... so all that he can do now is try to intimidate them, try to take away their credibility."

Through his verbal attacks, Ortega is "telling his followers, especially the (pro-government gangs), 'You can go ahead and beat up priests and bishops and vandalize church buildings without any punishment," Gooren said.

This week Brenes and his bishops met and agreed to continue pursuing dialogue, the only option he sees for stopping the violence. While discussion of "democratizing" Nicaragua has gone nowhere over Ortega's refusal to leave office, he said negotiators have been able to secure help for arrested protesters, peaceful removal of some barricades and access by international monitors such as the OAS.

In this Monday, July 23, 2018 photo, Rev. Cesar Alberto Castillo officiates a Catholic Mass in Diriamba, Nicaragua, at the San Sebastian Basilica where a groups of priest, bishops and Cardinal Leopoldo Brenes were recently attacked by progovernment mobs. (AP Photo/Arnulfo Franco)

The way he sees it, without the dialogue even more would have been killed.

The 69-year-old cardinal can also take a long view, because he's been through this before.

Interviewed on the patio of his modest home in Managua, Brenes recalled how decades ago as a young priest, he harbored youths who supported Ortega's Sandinista Front when they were pursued by national guard troops from the Somoza dictatorship.

And in 1979, after transferring to a parish in Jinotepe, armed Sandinista fighters took over his church. Once a sniper trapped him in the rectory with a woman and a young girl he had pulled inside. They hid under a washbasin for three days surviving on cookies and a bag of pinol, a cornstarch and chocolate powder mixed with water or milk.

In 1991, Brenes helped mediate between the Sandinista army and U.S.-backed Contra rebels, traveling into the mountains of Matagalpa and running back and forth between representatives of two sides that refused to even approach each other.

n this Tuesday, July 24, 2018 photo, Cardinal Leopoldo Brenes pauses during an interview where he speaks on Nicaragua's unrest, in his home in Managua, Nicaragua. (AP Photo/Arnulfo Franco)

After Ortega's speech calling the bishops coup plotters, Brenes said that he looked up the Spanish word, "golpista," in the dictionary, and what he found was the antithesis of what he's trying to do.

"I read there: 'Someone who acts to take power," Brenes said. "Well, that's not me. That's not us."

Ortega clashed repeatedly with the church's conservative authorities when his socialist-oriented Sandinistas governed in the 1980s — a time when many young leftist priests openly backed the former guerrillas, infuriating Pope John Paul II.

But Ortega worked to mend relations with the church after he lost elections in the 1990s, and by the time he regained power in 2006, he was making frequent public displays of piety and had forged a friendship with the Nicaraguan church's leader, the late Archbishop Miguel Obando y Bravo.

When the new wave of protests broke out in April — initially over cuts to the social security system — government forces and Sandinista Youth struck back hard.

In this May 23, 2018 file photo, leaders of the Roman Catholic Church look down as Cardinal Leopoldo Brenes reads a statement suspending talks between the opposition and the government, in Managua, Nicaragua. (AP Photo/Alfredo Zuniga, File)

On April 20, hundreds of student protesters sought refuge at Managua's cathedral, where the church was collecting donations to support demonstrators. When police and Sandinista Youth descended, the students retreated inside, leaving only after clergy negotiated their safe passage.

Brenes and several bishops made public statements against violence and in favor of dialogue. The Episcopal Conference later issued a more forceful condemnation of the crackdown and urged authorities "to hear the cry of the young Nicaraguans."

The Vatican has been mostly quiet about the conflict, deferring as it usually does to behind-the-scenes diplomacy while the local church manages the situation on the ground.

Last week Pope Francis' ambassador to Nicaragua did put out a statement expressing the pontiff's "deep concern for the grave situation."

The same day as the attack in Diriamba, Ortega supporters sacked the Santiago Apostol parish in Jinotepe, tossing pews down the front steps while shouting that the church was harboring terrorists.

The most harrowing incident occurred at the Jesus of Divine Mercy church in Managua.

This Tuesday, July 24, 2018 photo, shows a painting of Jesus Christ pierced with bullet holes as seen through an entrance point of a bullet hole in a window of the Jesus of Divine Mercy church, in Managua, Nicaragua. (AP Photo/Arnulfo Franco)

For nearly 15 hours overnight on July 13-14, armed government backers fired on the church while 155 student protesters who had been dislodged from a nearby university lay under the pews. A student who was shot in the head at a barricade outside died on the rectory floor.

Brenes made sure they arrived safely at the city's cathedral.

The Divine Mercy's facade is still pocked from hundreds of bullet impacts. A small chapel behind the main sanctuary sustained the heaviest fire; rounds pierced a painting of Jesus Christ and ricocheted off the gold-plated box holding the sacrament.

On a recent Sunday, parishioner Nelly Harding, 56, wiped away tears as she stepped outside the chapel: "If they don't respect the house of God, don't respect the lives of defenseless people, what can we hope for?"

Parish priest Erick Alvarado Cole said police have not come to investigate and the building's scars will be left just as they are.

"These holes in the walls, the Christ, the side chapel, the windows, are going to stay this way as proof of the pain of the Nicaraguan people," Alvarado said. "If it's repaired, it's like nothing happened."

Associated Press writer Nicole Winfield contributed to this report from Rome.

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### Masked Paramilitary Gunmen Enforce Tense Calm In Nicaragua (Johnson, MH)

Thursday, July 26, 2018 <u>Miami Herald</u> By Tim Johnson

They ride in the back of Toyota double-cabin pickup trucks, assault rifles slung over their shoulders. No one knows their identities. They always wear black ski masks or hoods.

The gunmen — between 1,000 and 1,500 of them, according to some estimates — are part of a recently formed paramilitary force protecting the continued rule of President Daniel Ortega against a three-month-old civilian uprising. Their main tactic is terror. They conduct roundups, fire at protesters, carry out dark-of-night raids and menace the population.

The Pro-Human Rights Association of Nicaragua said Thursday that paramilitary forces have conducted 595 "kidnappings" and disappearances of citizens since the uprising began April 18. The group said it has tallied 97 killings since July 11.

"Today in Nicaragua, there exists an undeclared state of siege," Alvaro Leiva, executive director of the rights group, said at a news conference. SIGN UP

Police statements make no mention of hooded gunmen when describing deaths, such as that of Brazilian medical student Raynéia Lima, who was shot and killed Monday night in Managua. Police said a private security guard shot the 31-year-old. But they have made no arrests, and her vehicle has vanished. Brazil lodged a diplomatic protest.

In some ways, the paramilitary forces have achieved their objective. Almost none of the scores of massive roadblocks that paralyzed the country from the uprising's onset in April remain. In public statements, Ortega sounds upbeat, claiming that the country is returning to normal.

"It's been a week now that turmoil has stopped," Ortega told Fox News on Monday.

While Ortega may feel he's gaining the upper hand, his opponents say he's taken Nicaragua on a dark path. Tourist arrivals have plunged, and 800 of the nation's 2,500 restaurants are dark. Jittery Nicaraguans have yanked some \$715 million from banks since the beginning of April.

"People go home at 5 or 6 and they don't leave at night out of fear," said Lucy Valenti, president of the Nicaraguan National Chamber of Tourism, a trade group.

Ortega denies that he had anything to do with creating the informal militias that continue to patrol city and country roads, though less visibly than week or two ago. But the fiction is blatant. Television broadcasts from July 14 show the 72-year-old revolutionary-turned-autocrat embracing hooded gunmen after they dislodged protesters in Masaya, where opponents of Ortega had turned the city into a citadel against his rule.

"They can detain people on the highway. They can search vehicles, ask for papers, search cellphones," said Sergio Ramirez, an acclaimed writer who served as Ortega's vice president from 1985 to 1990 but is now a bitter critic. "You can turn up tortured on the side of the road or jailed in El Chipote," a notorious prison.

Uniformed police often accompany the paramilitary forces but it is the militias who are better armed. They carry high-caliber rifles, including ones with telescopic sights. One was photographed with a rocket-propelled grenade.

"They don't answer to anyone," Ramirez said. "It is as if in the United States the Ku Klux Klan would appear carrying weapons and doing roundups, and the police were protecting the actions of the Ku Klux Klan."

Leaders of an opposition alliance seeking Ortega's removal before his term ends in 2021 have pledged to use nonviolent means, but the fierce crackdown may imperil that objective.

"The more time that passes, the more desire people have to defend themselves," said Fidel Moreira Flores, leader of the Center for Governance and Democracy Studies, a non-governmental organization with offices in Nicaragua. He said young people are restive. "They are shouting: Look for weapons so we can defend ourselves."

Like many civil society leaders, Moreira fears that his own arrest may be imminent.

"Some friends called me yesterday and told me I am on a list and should leave the country," Moreira said, adding that his contacts are connected to the government.

Lesther Alemán, a 20-year-old university student who took part in early rounds of Catholic Church-mediated negotiations between Ortega and the opposition, said paramilitary forces are pursuing anyone deemed supportive of the opposition.

"People who offer provisions are being hunted. People who go to the marches are being hunted. Those who have lent their homes as safe houses are being hunted. They are on a constant witch hunt," Alemán said in taped responses sent to a reporter from a secret location.

Alemán said he wasn't personally afraid but "I am very worried about my family."

Those who look down the road say they fear the paramilitary units eventually will turn to open criminality, making Nicaragua look more like its violence-wracked neighbors to the north: Honduras, El Salvador and Guatemala.

"You create them but you don't control them. They have their own social dynamic. They are starting to rob on the streets," said Óscar René Vargas, a sociologist.

Armed groups aren't Ortega's only tool to combat his opponents. The Sandinista Front-controlled National Assembly on July 16 approved a sweeping antiterror law that allows the state to prosecute anyone who causes death or injuries or destroys public or private property.

The loose wording lets the government interpret the law to go after "people who are simply exercising their right to protest," Rupert Colville, spokesman for the United Nations High Commissioner for Human Rights, told a U.N. news service.

But Nicaraguans are not prone to bottling up their feelings, and even as ordinary citizens hunker down in fear they have made life difficult for officials who venture into public.

"You see now that the principal Sandinista officials can't go to the supermarket. They board airplanes and people start shouting at them, 'murderers,'" said José Adán Aguerri, president of Nicaragua's largest business and agricultural group, the Superior Council of Private Enterprise.

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### Rights Group Updates Death Toll In Nicaragua Unrest To 448 (AP)

Thursday, July 26, 2018 Associated Press

MANAGUA, Nicaragua (AP) — A rights group on Thursday raised by nearly 100 to 448 the number of dead from more than three months of political upheaval and protests demanding President Daniel Ortega leave office.

Alvaro Leiva, director of the Nicaraguan Pro-Human Rights Association, said 399 of the dead had been identified and there were photographs, news reports and other evidence to document the other cases.

The unrest began in April as protests against proposed social security cuts, which were later scrapped. Following a violent crackdown by security forces and allied armed civilian groups, the demonstrations grew and broadened in scope to accuse the president of being an authoritarian and include a demand for early elections.

Ortega has denied any responsibility for the killings and accuses those seeking his exit of being coup plotters. He also rejected the idea of moving up the presidential vote scheduled for 2021, something that domestic critics, the Organization of American States, the United States and other nations have called for.

Leiva said the most deaths, 189, took place in Managua. That was followed by 55 in Masaya, southeast of the capital.

Attacks attributed to Nicaraguan security forces and armed supporters of Ortega's Sandinista movement have also recently begun squarely targeting the Roman Catholic Church, including church buildings, priests and even the cardinal.

At an event on religious freedom held Thursday at the U.S. State Department, Vice President Mike Pence accused Ortega of "virtually waging war on the Catholic Church."

"For months Nicaragua's bishops have sought to broker a national dialogue following pro-democracy protests that swept through the country earlier this year," Pence said. "But government-backed mobs armed with machetes, and even heavy weapons, have attacked parishes and church properties, and bishops and priests have been physically assaulted by the police."

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## Nicaragua Rights Group Urges Ortega To Disband Paramilitaries (AFP)

Thursday, July 26, 2018 AFP

Managua (AFP) – A rights group in Nicaragua on Thursday called on President Daniel Ortega to disband paramilitary groups accused of killing, torturing and kidnapping antigovernment protesters.

The head of the Nicaraguan Association for Human Rights, Alvaro Leiva, told a news conference that if Ortega wanted to prove his assertion that the paramilitaries were not under government control, "he should step up to guarantee citizens' right to security."

In interviews this week with US and Venezuelan television networks, Ortega denied persistent allegations that the armed and masked paramilitary gunmen seen operating in coordination with police were under his government's command.

Each time he was asked about the armed groups, Ortega switched attention to anti-government militias he accused the

opposition of running with US funding, accusing them of killing dozens of police officers.

Three months of unrest in Nicaragua have claimed more than 300 lives, according to rights groups.

Protesters demanding Ortega step down have been countered with repression by police and paramilitaries firing live ammunition.

Ortega said on Monday that he believed that the "turmoil has stopped" and "matters are becoming more normal" in the country, one of Latin America's poorest.

But since then, at least four more people have been killed, including a Brazilian medical student, and Leiva said "citizens are in a deep state of fear" over actions by the paramilitaries.

The Nicaraguan Association for Human Rights alleged antiriot units and government shock troops were among the members of the paramilitary squads, which went around masked and armed.

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#### New To Haiti: Foster Care For The Nation's Parentless Kids (Crary, AP)

Thursday, July 26, 2018 <u>Associated Press</u> By David Crary

PORT-AU-PRINCE, Haiti (AP) — Like roughly a quarter of Haiti's children, 11-year-old Franchina has spent much of her short life without parents.

Her mother dead, her father in prison, Franchina was placed in a state-run orphanage as a toddler, remaining illiterate year after year and seemingly destined for a hard life in the Western Hemisphere's poorest nation.

But this year, Franchina's fortunes took a hopeful turn.

She has benefited from the newfound resolution of Haiti's government to improve the deplorable status of the country's children, and more specifically from a partnership between the state child welfare agency and several international child-service organizations.

In a country and region with no tradition of formal foster-care systems, they are recruiting and training Haitians who buy into the idea that being a foster parent is a noble mission.

"There's a certain satisfaction to it," said Jeannes Pierre, 61, a Baptist pastor in Port-au-Prince who is now Franchina's foster father. "It's doing something extraordinary."

In her orphanage, Franchina shared a bunkroom with many other children. Now she has a bedroom to herself, small and simple but enlivened by a colorful stack of books. To her

delight, her foster parents taught her how to read within weeks of her arrival.

"It's like removing the darkness from the eyes of a child," Pierre said.

The Pierres do not know how long Franchina will be with them. "We want to keep her as long as possible," Pierre said. And Franchina, it seems, would agree.

Asked what she likes best about her new life, at first she was too shy to respond.

Then she confided: "I like everything."

Franchina 11, plays with a cat at her foster home in Port-au-Prince, Haiti. (AP Photo/Dieu Nalio Chery)

Many of Haiti's youths live on the streets; hundreds of thousands are domestic workers in other families' homes. Franchina was among the 30,000 or so consigned to orphanage-like institutions ranging in quality from adequate to abominable.

By itself, foster care won't come close to resolving the plight of Haiti's children. Long-term solutions are needed that for now are beyond the government's financial reach — notably, better educational opportunities and social supports so poor families don't feel compelled to place their children in orphanages or domestic servitude in the first place.

But the new program is cited by Haitian and foreign experts as evidence of the government's determination to modernize and strengthen an array of child-oriented policies and practices — and lessen reliance on foreign-based charities and mission groups.

"There's no magic bullet, no one solution," said Marc Vincent, who heads UNICEF's operations in Haiti. "But it's important to recognize the steps the government is taking — it is passionate about making things better."

Some of the changes derive from the island's devastating 2010 earthquake, which fueled a surge of international adoptions, primarily to the United States. Some Haitian children were airlifted to the U.S. even though they were not approved for adoption; an Idaho church group leader was convicted of arranging illegal travel after trying to take other children out of Haiti without government approval.

Such incidents prompted Haitian authorities to sign an international convention setting ethical standards for international adoptions. Regulations were tightened and the number of international adoptions from Haiti fell sharply, from more than 1,300 a year to around 300 or 400.

The child welfare agency — known by its French initials, IBESR — also is trying to beef up oversight of Haiti's roughly 750 orphanages. Most are privately run and financed, operating with little or no government regulation to rein in abuse and neglect.

Thus far, just a few of the orphanages have been shut down, but IBESR officials say about 400 are targeted for closure unless they meet a deadline for swift improvements. Large-scale closures will increase pressure on the government to reunify affected children with their biological parents, and to find foster homes when reunification proves impossible.

"We can't go on placing kids in institutions," said Vanel Benjamin, IBESR's foster-care coordinator. "The answer is family."

UNICEF estimates that 80 to 90 percent of the children in orphanages have one or two living parents. Lumos, the nonprofit founded by Harry Potter author J.K. Rowling, is among several groups seeking to reunite some of those children with their biological families, but the work is slow and the orphanage operators — often recipients of donations from well-meaning foreigners — are not always cooperative.

Orphan children sit in their beds at the Nest of Hope orphanage in Port-au-Prince, Haiti. (AP Photo/Dieu Nalio Chery)

"They don't want to change," said Eugene Guillaume, the Haiti program manager for Lumos. "Orphanages are their business."

Even at competently run orphanages accredited by IBESR, heartbreak is the norm, as Dallye Telemaque Bernard, director of the Nest of Hope home in Port-au-Prince, makes all too clear.

She oversees the care of about 50 children, ranging in ages from 5 months to 13 years. Some are brought in by government social workers, or by police who find them in the streets. But most are dropped off by their impoverished parents.

"Some children come here very sick, from families in very bad economic situations," said Bernard. "Ideally, there should be a program to help the children stay with their own families, but there isn't."

Sections of her orphanage are cheerful, including a courtyard where children take art classes around brightly colored plastic tables. But the upstairs bedrooms, with sets of four or five bunk beds lining the walls, are spartan — including one bedroom set aside for infants.

Bernard said the babies generally arrive from Port-au-Prince's largest shantytown, Cite Soleil, dropped off by heartbroken mothers.

"It's difficult for them," she said. "But they don't have a choice."

Over the years, the goal for most children at the orphanage has been to arrange their adoption by families in Europe or North America. On a bulletin board in the entryway, there are photos of children posing with their adoptive families in France, Canada and elsewhere.

With Haiti now cutting back on such adoptions, Bernard wishes there were ways to reunify more children with their biological families — and she's also intrigued by the new foster-care program.

One recent visitor was a 23-year-old woman from Cite Soleil who had placed her son in the orphanage six years ago, when he was 2. He was adopted by a family in France last year, and the mother, Kenia Tunis, came by to see some photographs of her son sent to Haiti by his new family.

Tunis began to cry as she told her story, glancing at the photographs. Someday, she said, she hoped she might see her son again in person.

Kenia Tunis, 23, cries during a visit to the Nest of Hope orphanage in Port-au-Prince, Haiti. (AP Photo/Dieu Nalio Chery)

Would she have preferred him to be adopted by a Haitian family? She chose not to reply.

The foster-care program began three years ago in Port-au-Prince and the southern city of Les Cayes. This month, at a modest resort hotel, about 100 government officials and social-service providers gathered to extend the program into the northern region around the city of Cap Haitien.

"Today is a day of victory," declared Antonio Jean Louis of Children of the Promise, a Christian-oriented mission. "There's now an option besides international adoption."

Among the attendees was IBESR's Vanel Benjamin, who said the program will keep expanding to other regions of Haiti, with a goal of having 200 foster families accredited by the end of this year.

International adoption "should be the last resort," he said. "Foster care is a better alternative."

In the United States, there's a constant struggle to recruit foster parents even though they're generally paid many hundreds of dollars a month. In Haiti, the plan is to build a

foster care system exclusively with parents willing to take on the task at their own expense.

One of the groups recruiting and training foster parents is Bethany Christian Services, which for decades has been a leading adoption agency in the United States. Recently, it has helped countries such as Ethiopia and Haiti develop their own foster-care systems.

Bethany's recruiting in Haiti focuses on a network of Protestant churches where pastors extol foster-parenting as a Christian act of love.

"People in the churches have responded positively even if they don't have a lot of financial resources," said Vijonet Demero, head of Bethany's Haiti operations. "For them, it's a calling, not a job."

Jeannes Pierre and his wife Nelia have an adult daughter who recently became a physician. Over the years, they have provided a temporary home to other children on an informal basis. Never had they received the type of formal training that was required to become foster parents.

As the foster-care program took shape, some advocates for children expressed concerns related to Haiti's huge population of child domestic workers. UNICEF estimates that roughly 400,000 children — called "restaveks" by many Haitians — live away from their parents in households where they're expected to perform work on a regular basis in return for lodging and food.

Some of these children are treated well and included in the family life of the home; others suffer various forms of abuse, prompting some advocacy groups to depict such arrangements as "child slavery."

Pastor Jeannes Pierre 61, walks with his foster daughter, Franchina 11, in Port-au-Prince, Haiti. (AP Photo/Dieu Nalio Chery)

Aspiring foster parents are screened to ensure they're psychologically and economically capable of caring for foster children without exploiting them. Demero said the foster families recruited by Bethany are visited at least every three months — and in some cases every week — by social workers from Bethany or IBESR.

Terre des Hommes, a Swiss-based nonprofit also working on the foster-care program, said the lack of payment to the foster parents complicates recruitment efforts but serves as a deterrent to families who otherwise might sign up for financial gain.

Even in the absence of regular payments, foster families can be provided with emergency funds to meet medical needs or cover the costs of school uniforms and supplies. Among the earliest batch of new foster parents were Ezekial Isme, 32, and his wife, Guerna, who heard about the program at their Port-au-Prince church, where Vijonet Demero is pastor.

"Our hearts were opened," said Ezekial Isme, who teaches at a church-run school.

Two and a half years ago, when the Ismes took in a girl from a troubled orphanage being closed by the government, they had no children of their own. They now have two sons, 1 and 2 years old, along with Michelene, who's now 10.

According to Isme, Michelene was 3 when her parents gave her to the orphanage. She was the youngest of her family's nine children.

When Michelene arrived in her new foster home, she was very withdrawn and had a bothersome skin disease. With attentive care, she's healthy now, and doing well at school, although still not up to the normal grade level for her age.

The Ismes would be willing to adopt Michelene, but don't know if or when the government would allow that sometimes difficult process to begin.

"She's our girl — she feels at home with us," Isme said. "Our hearts have already adopted her."

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#### Colombia's VP Assures The UN New President Backs Peace Deal (Lederer, AP)

Friday, July 27, 2018 Associated Press By Edith M. Lederer

UNITED NATIONS (AP) — Colombia's outgoing vice president paid tribute to the U.N. Security Council Thursday for its support in building peace in a country ravaged by conflict for five decades and assured the world that the incoming president will work to consolidate peace.

Oscar Naranjo said the November 2016 peace agreement between President Juan Manuel Santos' government and leftist FARC rebels has not only seen FARC fighters lay down their weapons in "record time" of nine months but the transformation of FARC into a political party that now has seats in Congress.

"There are still challenges ahead," Naranjo said in an emotional farewell speech from the Santos government to the U.N.'s most powerful body.

But he said: "You can be sure that the incoming government, when the President-elect Ivan Duque comes in — he has said he will continue with this agreement and guarantee that Colombia will continue down a path toward sustainable peace."

In January 2016, Santos' government and FARC jointly asked the Security Council to help monitor and verify rebel disarmament should the two sides reach a deal to end their war, which left an estimated 260,000 people dead and displaced millions. It was a rare request for help to the council, which deals with global crises and is often the target of criticism for failing to end conflicts like Syria.

Naranjo said "if there was one unifying factor around peace in Colombia" it is the Security Council which established a political mission in response to the request.

"And we should like to say to our compatriots and to the world as a whole we have no words to thank the unanimous way in which this council has supported the building of peace in our country," he said.

Among the challenges ahead, Naranjo said, reintegration of FARC rebels into society "is critical," and Santos is handing a roadmap for the integration process to the next government.

He said the new government also has to extend its authority and transform areas which were the scene of military conflict so they become an integral part of the state which can then protect the communities there.

Without the conflict with FARC, Naranjo said, the new government also has a "unique opportunity" to combat illegal drug trafficking and strengthen action against organized crime. He said many families have expressed a desire to abandon illicit cultivation and substitute legal crops.

Naranjo pointed with "great satisfaction" to the first hearings by the special peace tribunal established to deal with former combatants.

"These hearings are now allowing for a transitional justice system to happen, which will be bringing to justice and punishing those who were involved in any way in this internal armed conflict and who violated laws and neglected human rights," he said.

U.N. envoy Jean Arnault, who heads the political mission in Colombia, told the council that "time will tell, but the positive response from victims and the recent decision of senior army officers to accept voluntarily the jurisdiction" of the special tribunal "is an indication that the Colombian peace process may well be close to striking the right balance between the demands of peace and justice."

He urged the international community to maintain support for the tribunal, for the Truth Commission in Colombia and the unit searching for missing persons.

Arnault stressed that the reintegration of FARC members into civilian life "is very much unfinished business."

"To complete the work started by the current government will no doubt require dedication and resources," he said. "But fulfilling the guarantees given to those who have laid down their weapons and undergo now the difficult transition to civilian life is essential for Colombia, and also for Colombia to be a source of motivation for parties to conflicts elsewhere in the world."

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#### Cabinet Minister, 3 Others Die In Paraguay Plane Crash (AP)

Thursday, July 26, 2018 Associated Press

ASUNCION, Paraguay (AP) — Paraguay's agriculture minister and three other people have died in the crash of a small plane.

Civil Aeronautics official Ruben Aguilar says the twin-engine Beechcraft Baron went down in a marshy area shortly after taking off Wednesday night from the airport in Ayolas, some 235 miles (380 kilometers) south of the capital, Asuncion.

The dead included Agriculture Minister Luis Gneiting, Vice Minister Vicente Ramirez and the pilot and co-pilot.

Aguilar says investigators will begin trying to determine the cause of the crash and the reason by an emergency beacon failed to activate — a factor that apparently slowed rescue efforts.

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# Paraguayan Minister, Deputy Die In Plane Crash: Rescuers (AFP)

Thursday, July 26, 2018

**AFP** 

Asuncion (AFP) — Paraguay's agriculture minister and a deputy minister were among four people killed in an airplane crash near the Argentine border, rescuers said Thursday.

The twin-engine light aircraft had taken off from the southern fishing town of Ayolas on Wednesday afternoon but crashed soon afterward, just eight kilometers (4 miles) from the airport.

"There are no survivors," Roque Gonzalez, a member of a search and rescue unit, told AFP.

The dead were identified as agriculture minister Luis Gneiting, deputy livestock minister Vicente Ramirez, civil servant Luis Charotti and pilot Gerardo Lopez.

Gneiting was returning to the capital Asuncion, 300 kilometers away, after visiting his terminally ill mother, who died on Thursday just hours after her son.

The cause of the crash was not immediately clear.

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### Mexico's AMLO Asks For UN Help To Fight Corruption, Rights Abuses (AFP)

Thursday, July 26, 2018

**AFP** 

Mexico City (AFP) – Mexico's president-elect Andres Manuel Lopez Obrador on Thursday said he is asking the United Nations for help combatting corruption and human rights abuses.

Lopez Obrador successfully campaigned on a zero tolerance policy towards endemic corruption in Mexico, promising to save millions of dollars in public funds.

"The UN is going to help us, we're going to lean on them because they have" an anti-corruption office, said Lopez Obrador at a press conference.

The president-elect also asked for the UN's assistance in preventing "human rights violations... like the disappearance of the Ayotzinapa youth."

On the night of September 26, 2014, a group of 43 students from a rural teaching school in Ayotzinapa, southern Mexico, disappeared after they were arrested by police in the nearby city of Iguala.

They had been heading to the capital Mexico City to take part in commemorations for a 1968 massacre of students and civilians that left hundreds dead.

Prosecutors said the police handed over the students to drug traffickers who subsequently killed them, burned their bodies and spread their ashes in a river.

But that version of events was questioned by independent expert investigators from the Inter-American Commission on Human Rights, amid speculation that various other government forces were involved.

Lopez Obrador presented former health minister Juan Ramon de la Fuente as his choice for Mexico's ambassador to the UN, an appointment that still needs to be ratified by the Senate.

Lopez Obrador, known by his initials AMLO, is due to take over the reins from President Enrique Pena Nieto on December 1. He was elected president on July 1 with a resounding victory, securing more than 50 percent in the first round.

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Economists Say Currency Reform Is Urgently Needed In Cuba. But It's Expected To Generate Inflation And Layoffs, Which Are Not Politically Feasible During A Period When Voters Will Be Asked To Consider A New Constitution. | Miami Herald (Whitefield, MH)

Thursday, July 26, 2018 <u>Miami Herald</u> By Mimi Whitefield

Cuba's looming constitutional referendum and nagging structural economic problems mean it's unlikely the island's leaders will take on the much-need unification of Cuba's two currencies this year, economists said in Miami.

For years Cuba has been talking about uniting its two competing currencies, the Cuban peso (CUP), which is generally used by the Cuban population, and the convertible peso (CUC), which is used by tourists, foreign companies and some state enterprises and private entrepreneurs.

The CUC is on par with the dollar, while 24 CUPs equal \$1 U.S., but because there is such a huge difference in exchange rates there are expected to be winners and losers when the currency is unified.

While "it will be impossible to achieve significant and sustainable improvement [in the economy] without currency reform," it won't happen this year, said Omar Everleny Pérez, a Cuban economist.

Speaking at the 28th annual meeting of the Association for the Study of the Cuban Economy at the Hilton Miami Downtown Hotel, Pérez said when the government unifies the two currencies and divergent exchange rates, it's expected to lead to higher inflation and hurt inefficient state enterprises that have essentially been subsidized by overly favorable exchange rates, even causing them to fail.

Amid discussion and voting on a new constitution, the government doesn't want skyrocketing prices and widespread layoffs impacting voters, he said. A three-month comment period on a draft of the new constitution begins Aug. 13 and

the referendum is expected to be held late this year or early next year.

In December, Cuban leader Raúl Castro, who has since retired from the presidency, said unification couldn't be delayed much longer.

But it isn't politically feasible to attempt currency unification in the current environment, said Dagoberto Valdés, of the Coexistence Studies Center, an independent think tank in Pinar del Río, Cuba. "We think it [currency unification] could have a devastating economic impact, the strongest in 60 years of the revolution."

Economists at the ASCE meeting, which concludes Saturday, said that depends on how Cuba implements currency unification and whether it just comes up with a single currency without undertaking needed structural economic reforms.

Luis Luis, a consultant and principal at International Research & Strategy Associates, said it also would be difficult for Cuba to push through currency unification this year because it has very low international reserves. "They don't have the reserves to have a currency that would be stable," he said.

Luis said that 2010, when Cuba still had a huge subsidy from Venezuela and the economy was growing, "would have been a great year to unify the currencies. But they missed their chance."

"You can't talk about Cuba without talking about Venezuela," said Rafael Romeu, president and chief executive of DevTech Systems and a former senior economist at the International Monetary Fund. "The source of foreign transfers, Venezuela, is on the ropes."

Analysts say future subsidies for Cuba may not be sustainable.

"The fiscal balance of Cuba is deteriorating. There is a need to continue financing these yawning deficits, which also doesn't augur well for currency reform," said Romeu. "We see no unification in this environment."

While there would be long-term benefits for Cuba with currency reform, including a more stable climate for foreign investment, "the government fears that short-term costs would be too high to bear politically," said Armando Linde, a retired IMF economist.

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#### **SUB-SAHARAN AFRICA**

As A Dam Rises In Ethiopia, Its Manager Is Found Dead (Walsh, Sengupta, Ahmed, NYT)

#### Friday, July 27, 2018 New York Times

#### By Declan Walsh, Somini Sengupta And Hadra Ahmed

CAIRO — The manager of a \$4 billion dam under construction on the Blue Nile River in Ethiopia was found shot dead on Thursday, drawing an anguished reaction from Ethiopia's leaders and setting on edge one of Africa's most contentious development projects.

The project manager, Semegnew Bekele, who was overseeing the construction of the Grand Ethiopian Renaissance Dam, was found slumped behind the wheel of his Toyota Land Cruiser in Meskel Square in the capital, Addis Ababa, at 8:30 a.m. He had a gunshot wound to his head, the federal police commissioner, Zeinu Jamal, told reporters.

The police also found a pistol inside the car and were trying to identify its owner, Mr. Jamal said. The police commissioner did not say whether he suspected foul play, fueling speculation that the death was linked to Mr. Semegnew's work.

When completed, the giant Renaissance dam is expected to generate 6,400 megawatts of hydroelectricity that will more than double Ethiopia's current production and potentially allow the country to earn hundreds of millions of dollars in energy export revenues. But the project has met with stiff resistance from Egypt, where many fear it will cut into the country's already strained supply of Nile water.

Mr. Semegnew, 57, a short, loquacious man with a salt-andpepper beard, was the project's engineer and unofficial ambassador. He explained the dam's benefits to the Ethiopian taxpayers who funded it, and sought to assure nervous Egyptians that it would cause them no harm.

"This is our baby," he told The New York Times in May during a tour of the dam in the Ethiopian highlands, five miles from the border with Sudan. "This is what we are saying. Not just me — all Ethiopians."

His sudden death sent ripples of sorrow across Ethiopia on Thursday. Grief-stricken citizens scuffled with the police as they attempted to lay flowers near the bloodstained vehicle where Mr. Semegnew was found. Prime Minister Abiy Ahmed was "saddened & utterly shocked," his chief of staff, Fitsum Arega, said in a Twitter post.

The Renaissance dam, Africa's largest hydropower project, is a symbol of Ethiopia's economic ambitions. It will cost at least \$4.2 billion to build, officials say, with China separately funding electricity infrastructure projects costing about \$1 billion. But the project has stumbled this year.

Mr. Semegnew was in Addis Ababa on Thursday to give a news conference at a time of growing public unease over delays in the project and concerns about corruption and mismanagement, officials said. He died hours before he was scheduled to speak.

Standing atop the dam in May, Mr. Semegnew offered his usual optimistic assessment of the project, which he said was about two-thirds completed, and he played down the fears of downstream countries, notably Egypt.

The dam had turned Ethiopia into "the power hub of the region, of the continent," he said, and it would be used only to generate electricity, and not for irrigation.

He declined to say why the project's completion date had been repeatedly delayed over the past year. "I cannot comment to you on this," he said.

Those delays, and the dam's generally opaque finances, have become matters of considerable speculation in Ethiopia in recent weeks. Some people who posted messages on social media sites suggested that Mr. Semegnew was killed because he was planning to name corrupt officials who were making money from the project or that Egypt had somehow played a role in his death.

None of the commentators offered evidence to support those conspiracy theories, but they did appear to reflect growing public disquiet about a project that is behind schedule, has consumed huge amounts of taxpayers' money and has increased tensions with Egypt.

An upbeat visit to Cairo by Prime Minister Abiy last month improved that often-tense relationship. The visit was part of Mr. Abiy's dizzying series of reforms, including peace overtures to rival Eritrea, since he came to power in April.

But since then, technical talks on the dam between Egypt, Ethiopia and Sudan have stalled again.

The discovery of Mr. Semegnew's body was the second violent drama of the past month in Meskel Square, perhaps the most famous plaza in Addis Ababa.

At least one person was killed during a rally in the square in June, when an assailant hurled a grenade just minutes after Mr. Abiy delivered his first public speech in the capital.

The grenade fell short of Mr. Abiy and exploded among his supporters, not far from where the Mr. Semegnew's body was found on Thursday. Security officials have not said publicly who was responsible for throwing the grenade, but at least 30 people were arrested.

Declan Walsh reported from Cairo, Somini Sengupta from New York, and Hadra Ahmed from Addis Ababa, Ethiopia.

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### Ethiopia's Premier To Woo Diaspora Investors As He Visits U.S. (Gebre, BLOOM)

Thursday, July 26, 2018 Bloomberg News By Samuel Gebre

Ethiopia's prime minister arrived in the U.S. for meetings with members of its quarter-million-strong diaspora community in a bid to woo investment for Africa's fastest-growing economy.

Abiy Ahmed's first U.S. trip since taking office in April comes as he shakes up orthodoxies at home, promising a multi-party democracy and to privatize state monopolies, while making peace with long-time foe and neighbor Eritrea. He will hold meetings in Washington D.C. with the Ethiopian business community, religious leaders, think tanks and the public until Saturday, before heading to Los Angeles and Minneapolis, according to Ethiopia's embassy.

The embassy said tens of thousands of people are expected to attend public meetings in the three cities. More than a quarter of a million people of Ethiopian descent live in the U.S, according to the Migration Policy Institute, a Washington-based think tank.

Abiy may be hoping to tap into a rich source of foreign exchange for Africa's second-most populous country. Ethiopians abroad sent back some \$4.6 billion last year – about a quarter of the nation's annual foreign-exchange earnings – and this month the government opened accounts for a so-called Diaspora Trust Fund in which overseas communities were invited to donate for development.

Abiy faces the task of bringing an end to several years of sporadic regional protests over alleged land grabs and political neglect that threatened to detail the boom in the state-planned economy. Earlier in July, he said Ethiopia needs \$7.5 billion to finish current infrastructure projects and is also battling foreign-exchange shortages.

Zemedeneh Negatu, a U.S.-based investor, said last week that the diaspora now has ways to partake in opportunities in Ethiopia, following pledges to partly privatize companies such as Ethiopian Airlines Enterprise and Ethio Telecom Corp.

"Ethiopia is the fastest-growing economy in Africa," he said at an investment forum in Washington D.C. "If that is the kind of trajectory we are looking at then we need to be prepared as the diaspora to take advantage of that."

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# Construction Manager Of Ethiopia's Nile River Dam Found Dead (Meseret, AP)

Thursday, July 26, 2018 Associated Press

#### By Elias Meseret

ADDIS ABABA, Ethiopia (AP) — The construction manager of a controversial dam being built on the Nile River in Ethiopia has been shot dead, police said Thursday, while the country's prime minister said he was "utterly shocked."

Semegnew Bekele was discovered inside his car at Meskel Square in the capital, Addis Ababa, state broadcaster ETV reported.

"Engineer Semegnew died due to gunshot wounds at the back of the neck," the chief of the federal police, Zeynu Jemal, told journalists. "A pistol has also been discovered inside the car and we are trying to determine to whom it belongs."

Semegnew had downplayed Egypt's fear that the massive Grand Ethiopian Renaissance Dam will reduce that country's share of Nile River water. Ethiopia maintains the dam is needed for development, pointing out that 60 million citizens don't have access to electricity.

The dam is now more than 63 percent complete. Once finished, it will generate about 6,400 megawatts, more than doubling Ethiopia's current production of 4,000 megawatts.

Ethiopia's new Prime Minister Abiy Ahmed was "saddened & utterly shocked" to hear of Semegnew's death, chief of staff Fitsum Arega said on Twitter.

Demonstrators rallied at Meskel Square, calling for the arrest of the perpetrators, while many Ethiopians described Semegnew as a martyr.

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### Long Separated By War, Ethiopians And Eritreans Reunite (Stein, AFP)

Friday, July 27, 2018

**AFP** 

By Chris Stein

Asmara (Eritrea) (AFP) – When Jerusalem Aregay fled Eritrea in 2001, she was sure she would never again see her friends, her uncles and the aunt who had raised her like a daughter.

Yet escape was her only option.

Eritrea was locked in a tense standoff with Ethiopia. And after two years of fighting on their border, the people of the capital Asmara had grown hostile to Ethiopians like her.

So she fled south to a country that was technically her own but that she had never called home.

She believed she was saying goodbye forever to everything and everyone in Eritrea that she had loved.

Seventeen years later, she stepped off an Ethiopian Airlines flight in Asmara and into the arms of her aunt.

"We are so happy. Thank God!" Jerusalem told AFP shortly after she was reunited with her relative Tinseu Nigusse.

The extraordinary reunion was made possible by the stunning thaw in relations between the two countries who have called off their decades-long conflict.

The resumption of flights between Asmara and the Ethiopian capital Addis Ababa has brought families separated by the war back together in emotional scenes.

Day after day at Asmara's airport, a crowd has gathered, waiting for relatives that have not been seen in years. Similar scenes have played out at Addis Ababa's airport.

At the sight of their loved ones, men and women dressed in their finest suits and dresses have rushed forward, sobbing and embracing family members separated by war.

For some, the reunions came just in time.

"I'm so happy to see her. It's been 20 years," Girmay Solomon said after he was reunited with his 87-year-old mother Lemlem Kahsai.

- 'We didn't have any space to live' -

Girmay, an Ethiopian, had only met his frail mother in Khartoum once since they were separated – but the rapprochement has brought them together again, perhaps for the final time.

"I'll take him to Mareba," said Lemlem of her village in the country's south.

Eritreans remained closely linked to Ethiopia even after they voted in 1993 to become an independent country following a decades-long liberation struggle.

But after a border dispute erupted into two years of devastating war in 1998, the countries were driven apart.

The estrangement worsened after Ethiopia rejected a 2002 United Nations ruling meant to demarcate the frontier with Eritrea.

During pauses in the brutal trench warfare, both countries deported thousands of each others' citizens.

Eritrea's years as a province of Ethiopia meant many families had members of both nationalities and the deportations tore households apart.

Born in Eritrea, Jerusalem was an Ethiopian citizen through her parents, but after their death her aunt Tinseu, an Eritrean, raised her.

By 2001, Asmara was a hostile place for people like her.

A peace treaty had ended the border fighting a year earlier, but Ethiopians and Eritreans had stopped socialising at school, she said.

Every six months, the Eritrean government would force Ethiopians who had not been deported to pay a steep fee to renew their residency permits.

"We didn't have any space to live," she said.

- 'It was so difficult' -

The decision to leave was not easy, but eventually, it became the only choice.

With the help of the UN, Jerusalem crossed the border with her little sister Lewan Aregay and reached a refugee camp in northern Ethiopia.

Two weeks later, she was in Addis Ababa, where she could not even speak the national language Amharic.

"It was so difficult for us. We didn't know the environment, we didn't know the society," said Jerusalem, who eventually found work as a technician at a television station.

For years, little changed along the tense frontier between Ethiopia and Eritrea. Troops remained in their trenches and separated families remained apart.

Jerusalem stayed in touch with her aunt using social media.

Some relatives met up in Dubai or the Sudanese capital Khartoum, countries that had flights to both Eritrea and Ethiopia.

And then, on April 2, 2018, everything changed. Abiy Ahmed took office as Ethiopia's prime minister after the surprise resignation of Hailemariam Desalegn.

Two months after coming to power, Abiy announced his government would respect the UN's border demarcation.

Within weeks, he travelled to Asmara and welcomed Eritrean President Isaias Afwerki to Addis Ababa, paving the way for the end of the conflict. The resumption of direct flights followed, and with it the opportunity for Jerusalem to reunite with the people she loved.

"I didn't think I'd see my aunt, my uncles and my friends again," Jerusalem said, smiling beside her aunt in a modest Asmara villa where they sat together, making up for lost time.

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#### \$40,000 A Car For Lawmakers Fuels Ire In War-Hit South Sudan (Francis, BLOOM)

Thursday, July 26, 2018 Bloomberg News By Okech Francis

A civil society group urged South Sudan's parliament to explain about \$18 million in bonuses paid to lawmakers that the government of the war-torn, poverty-stricken country described as loans to buy cars.

Under the plan, 452 members of both houses of parliament are receiving \$40,000 each for vehicles, a step presidential spokesman Ateny Wek Ateny said was regular and covered by the 2017-18 budget. South Sudan is mired in an almost five-year civil war that's caused an economic crisis and forced parts of the country to the verge of famine.

The government's decision "is a disturbing development at the stage where civil servants and members of law enforcement agencies are going two months without salaries," said Edmund Yakani, executive director of the Community Empowerment for Progress Organization, based in the capital, Juba.

News of the payment comes as warring parties try to end a conflict that began in December 2013 and has claimed tens of thousands of lives. Under a new peace deal, President Salva Kiir and the main rebel leader would reunite in an expanded government and parliament. While the talks were under way, lawmakers voted for Kiir's term to be extended three years.

Ateny said that lawmakers "should not be seen struggling and risking their lives" moving around, pointing to similar loans he said were given in 2005, before the country's independence from Sudan. Lawmakers had been coming to work by motorcycle taxi, "so the government thought it wise to give the loan," he said Thursday by phone. He declined to comment on unpaid salaries.

Yakani said the average South Sudanese worker would take years to earn the kind of sums given. "We are demanding the leadership of the parliament to inform the citizens of what is the real purpose of this cash allocation," he said by email.

Santino Riak, a teacher in Juba, said lawmakers don't deserve to be paid such an amount when the government is struggling to deliver services and pay salaries.

"They should first serve us before serving themselves," he said.

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Zimbabwe Opposition Goes Where Followers Once Feared Death (Cohen, Latham, BLOOM)

Wednesday, July 25, 2018

<u>Bloomberg News</u>

By Michael Cohen And Brian Latham

Zimbabwe's main opposition party has been able to campaign in what were once no-go rural areas for the first time in almost two decades, bolstering its prospects of winning next week's election.

The change, following the end of Robert Mugabe's 37-year rule, has let the traditionally urban-based Movement for Democratic Change draw big crowds to rallies in rural districts, where more than half the southern African nation's estimated 13 million people live. It's a spin-off from new President Emmerson Mnangagwa's pledge to hold a free election — a key part of a drive to attract investment and rebuild the shattered economy.

"People are interested to see these guys because they've never seen them before," small-scale farmer Jeremiah Mahacha, 56, said by phone from Gokwe in central Zimbabwe. "Wearing their red T-shirts would mean a beating or death in the old days, but now we see them and want to hear what they're saying with our own ears."

The MDC was started by labor and civil-rights leaders in 1999 as opposition grew to Mugabe's increasingly authoritarian leadership and mismanagement of the economy. The party won its first political battle in a 2000 referendum, when it defeated constitutional changes that could have entrenched Mugabe's rule. Government-backed militants then seized thousands of white-owned farms and about 3 million people, mainly farm workers of Malawian, Zambian and Mozambican descent, were evicted, according to the United Nations. Fears Unfounded

The security forces and youths from the ruling Zimbabwe African National Union-Patriotic Front confined opposition campaigns to the main towns in the past three disputed elections, frequently beating and arresting MDC activists and banning and disrupting their rallies and meetings. Violence peaked in 2008, when the opposition says about 200 of its supporters were murdered and the homes of thousands more were attacked.

Farai Mondizvo, 67, a subsistence farmer from Gutu, south of the capital, Harare, said residents' fears that they would be attacked if they attended a MDC rally had proved unfounded – although not everyone is convinced they should vote for them.

"No one was beaten, nothing," he said by phone. "Even the police just stood and watched. Of course, what they are promising is exactly the same as Zanu-PF is promising, which is what we've been told for more than 30 years without

anything happening, so politics seems to the same either way."Soft Coup

Mugabe's rule ended in November, when he unsuccessfully tried to anoint his wife, Grace, as his successor and the ruling party forced him to quit after the military briefly seized control of the country. Political violence has largely ceased since Mnangagwa, a former deputy president, justice minister and spy chief took office.

About 5.6 million people have registered to vote for a new president, lawmakers and local government representatives on July 30. The front-runners of the 23 candidates in the presidential contest are Mnangagwa, 75, and the MDC's Nelson Chamisa, a 40-year-old lawyer and church pastor. If no candidate gets more than half the vote, there will be runoff election on Sept. 8.

Read more about the two leading presidential contenders.

Despite the MDC being able to campaign more freely, only 30 percent of rural respondents to a survey by research company Afrobarometer said they would vote for it, while 48 percent supported the ruling party. In the urban areas, the MDC had 63 percent backing and Zanu-PF 37 percent, the survey found. The fact that the rural population is considerably bigger than the urban one gives the ruling party "a built-in electoral advantage," Afrobarometer said.

Still, the absence of violence, the opposition's visible campaign and the novelty of potentially relegating Zanu-PF to the opposition benches for the first time since white-minority rule ended in 1980 could sway some undecided voters. New, Refreshing

In Chipinge, on Zimbabwe's eastern border with Mozambique, the MDC's campaign had gone down well with residents, according to Ambitious Tererai, 44, who grows coffee in the area.

"Seeing them and holding rallies, that's new. Before they could not reach here," he said. "It's refreshing."

Zimbabwe's economic travails – rampant unemployment, chronic cash shortages and crumbling infrastructure – could also spark an anti-government backlash in rural areas, where poverty is worse and state services more deficient than in the towns.

"Times are harsh," said Mahacha, the farmer from Gokwe. "There's no money in the rural areas and most of us farmers are just subsisting. We are only just surviving."

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# Zimbabwe Election Seen As Critical Test For Nation Post-Mugabe (Foarde, WT)

Thursday, July 26, 2018

#### **Washington Times**

#### By Connor Foarde

When voters in Zimbabwe head to the polls for Monday's general election, they will get a ballot that for the first time in two decades won't have the name of ousted President Robert Mugabe on it. But many of the problems that built up in Mr. Mugabe's nearly four decades in power will still have to be faced.

There will also be a level of suspense about the outcome that was never the case under the old regime.

Almost eight months after a soft coup unseated the authoritarian 94-year-old Mr. Mugabe, his former aide and successor, incumbent President Emmerson Mnangagwa finds himself in a tight race against Nelson Chamisa of the opposition Movement for Democratic Change (MDC).

Mr. Mnangagwa, known as "the Crocodile," is the former protege of Mr. Mugabe and served with as vice president in 2014 until he lost out in a power struggle shortly before Mr. Mugabe was forced from power last year.

Having long been implicated in the human rights abuses and economic decline that occurred under Mr. Mugabe's reign, Mr. Mnangagwa now promises to respect civil liberties while revitalizing the devastated economy by attracting foreign investors.

Sunday's vote is seen as a critical test of the new administration in Zimbabwe, and the ruling ZANU-PF party. A free and fair vote will be critical to attracting new investment and ending Mugabe-era sanctions

"That verdict would be the gateway to a successful recovery from Zimbabwe's syndrome of crises. It is absolutely critical," Zimbabwean political analyst Eldred Masunungure told the Reuters news agency.

Mr. Chamisa, nearly four decades younger than the 75-year-old president, has also had an extensive career in Zimbabwean politics. The charismatic pastor became a member of Parliament 15 years ago at the age of 25, and would be the youngest leader in Zimbabwe's history if he wins.

He has expressed skepticism about the legitimacy of the upcoming election. Mr. Chamisa told the news website Independent Online this week that the vote is "on path to be determined as a fraud election," adding that the Zimbabwe Election Commission was "biased and has lost the confidence of the people of Zimbabwe."

The race could be close: An Afrobarometer poll released last Friday showed 40 percent of voters supporting Mr. Mnangagwa and 37 percent for Mr. Chamisa.

With international observers permitted in the country for the first time since 2002, the election will be a test of post-Mugabe Zimbabwe's capability of holding credible elections.

"These elections will be key for the future of Zimbabwe. The future president, parliament and local government councils will have the responsibility of steering the transition process in the country," Federica Mogherini, the European Union's point woman on foreign affairs, said in a statement.

Economic reform will be a top priority for Zimbabwe's next leader. The country has suffered since the botched policy by the Mugabe government in 2000 to encourage the seizure of productive white-owned farms by poor black Zimbabweans. Meant to address inequalities dating back to the colonial era, the policy instead resulted in stark production and productivity declines.

Since taking office last year, Mr. Mnangagwa has rolled back industry regulations in hopes of attracting foreign investors to the country and acknowledged that the Mugabe-era land reform policy did more harm than good.

"The critical thing is that during land reform, productivity collapsed totally, we moved from self-sufficiency to an insecure nation," Mr. Mnangagwa told The Daily News last week.

Mr. Chamisa has told voters that any changes to the land reform policy would not displace black farmers who acquired land, but would also take into account the plight of the dispossessed white farmers.

"We are in agreement that skilled white farmers must be put back to work — but they must be allocated available land without reversing the land reform," Mr. Chamisa tweeted last month.

Despite a wave of optimism after Mr. Mugabe was driven from power, Mr. Mnangagwa has received mixed reviews. Last month, the president narrowly escaped injury after a grenade exploded on stage at a campaign rally in Bulawayo. Two were killed in the attack, which Mr. Mnangagwa called a "cowardly act" perpetrated by opposition sympathizers.

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# Uganda Court Clears Way For Museveni To Run For Sixth Term (AFP)

Thursday, July 26, 2018 AFP

Mbale (Uganda) (AFP) - A court in Uganda cleared the way for President Yoweri Museveni, 73, to run for a sixth term when it upheld on Thursday a constitutional change that scrapped presidential age limits.

Previously the law required presidential contenders to be under the age of 75 and would have blocked Museveni, president since 1986, from seeking re-election in polls due in 2021

But a bill removing the limit was introduced in parliament in September and signed into law in December, sparking demonstrations and outcry from the opposition which accuses Museveni of a power grab.

A group of opposition figures brought the judicial review heard by judges in a marathon session.

A majority of the constitutional court judges, sitting in the remote city of Mbale some 225 kilometres (140 miles) east of the capital Kampala, ruled in favour of lifting the age cap for presidential contenders.

But they struck down lawmakers' efforts to extend their terms of office from five to seven years which would have pushed elections back to 2023, with one judge describing their effort as "selfish".

The judges also decided that an attempt to reintroduce presidential term limits – scrapped with the reintroduction of multi-party politics in 2005 when the constitution was last amended – breached parliamentary procedure. They ruled the bid invalid, paving the way for a Museveni life presidency.

Museveni, who seized power at the head of a rebel army in 1986, once said leaders who "overstayed" were the root of Africa's problems.

However while running for a fifth term in 2016, he said it was not the right time for him to leave as he still had work to do.

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#### US Pressures Kabila To Step Aside In DR Congo Vote (AFP)

Thursday, July 26, 2018

<u>AFP</u>

United Nations (United States) (AFP) – With only five months to go before elections in the Democratic Republic of Congo, the United States on Thursday urged President Joseph Kabila to quickly declare that he will not seek re-election.

The vote is to take place two years later than originally scheduled, and after dozens have died in protests against Kabila who has been in power since 2001.

Addressing the UN Security Council, US Deputy Ambassador Jonathan Cohen said "the time for posturing is over" and that Kabila must now make clear his intentions for the December 23 vote.

"We expect President Kabila to abide by the DRC constitution and the December 2016 agreement. He is not eligible under Congolese law to seek a third term," Cohen said.

France and Britain have previously also called for him to clearly state that he will step aside and not run in the election.

Kabila had been expected to announce whether he planned to run in an address to parliament last week, but he kept the world guessing about his intentions.

On that same day, the Security Council issued a joint statement with the African Union's Peace and Security Council to call for a "peaceful and democratic transfer of power" following the December vote.

The DRC has never known a peaceful transition of power since independence from Belgium in 1960.

Candidates for the presidency must declare their bids by August 8.

The United States renewed criticism of the DR Congo's plan to use electronic voting in the polls, saying the voting machines could undermine the credibility of the elections.

The election commission "must take steps to ensure voters can cast their votes via a mechanism that is tested, trusted, and guarantees secrecy of the vote — namely paper ballots," said Cohen.

The elections have come under intense scrutiny at the Security Council, which is planning to pay a visit to the DR Congo later this year, possibly in October.

UN Secretary-General Antonio Guterres had planned to travel to Kinshasa along with African Union Commission chairman Moussa Faki this month but that visit was postponed, at Kabila's request.

Congolese Ambassador Ignace Gata Mavita urged world powers to support elections in his country "through positive actions" and complained of "interference from all sides".

There are fears that the vast mineral-rich country could slide into all-out violence as it heads towards the elections.

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## Mali Holds Key Polls Overshadowed By Jihadist Violence (Siuberski, AFP)

Friday, July 27, 2018

**AFP** 

By Serge Daniel Et Philippe Siuberski

Bamako (AFP) – Mali holds crucial polls on Sunday with President Ibrahim Boubacar Keita seeking re-election in a country reeling from jihadist violence and ethnic attacks.

The international community hopes the poll will strengthen a 2015 accord that Mali, a linchpin state in the troubled Sahel region, sees as its cornerstone for peace.

But violence has peppered the election, with the final days of campaigning marred by an attack on a candidate's convoy and renewed killings of civilians.

Despite the peace deal, which gathers the government, government-allied groups and former Tuareg rebels, a state of emergency remains in force and heads into its fourth year in November.

Jihadist violence, meanwhile, has spread from northern Mali to the centre and south and spilled into neighbouring Burkina Faso and Niger, often exacerbating communal conflicts.

- 'No more war-mongering' -

Twenty-four candidates are in the race for the presidency, and over eight million people are eligible to vote.

Keita, elected in 2013, is accused by his opponents, including several former ministers, of poor governance and security failures. Nearly 300 civilians have died in ethnic clashes this year alone.

On Wednesday, at least three Fulani civilians were killed in central Mali in an attack by suspected traditional hunters, according to civil society and security sources.

The Fulani community regularly denounces abuses against them by Bambara and Dogon farmers in the fight against jihadists, accusing authorities of ignoring or even taking part in them.

Speaking to journalists on Tuesday, Keita, 73, defended his record and branded the attacks as "pockets of violence and remnants of terrorism".

"There's no more war-mongering in Mali today," Keita said.

He acknowledged that the violence had "metastasised to central Mali", but said the state was making a "colossal financial effort" to combat it.

- Rivals -

Keita's challengers are headed by Soumaila Cisse, a former finance and economy minister, who lost by a large margin in the second round of the 2013 election.

Others are Modibo Kone, a rural development expert at the West African Development Bank, and Hamadoun Toure, who runs the "Smart Africa" initiative to drive development on the continent via technology.

Another candidate, businessman Aliou Boubacar Diallo, said IBK had "failed miserably". Diallo's convoy was attacked by armed assailants while he was campaigning.

"Everywhere we have been, it is this insecurity which tops Malians' concerns," Diallo said.

Other contenders include astrophysicist and former prime minister Cheick Modibo Diarra. There is only one female candidate – Djeneba Ndiaye, a 55-year-old businesswoman.

- Fraud claims -

Amid concerns that the vote could not be held in some restive parts of the country, over 30,000 security personnel have been commandeered to ensure security.

In the north, where the state is largely absent, armed groups who signed the peace agreement have also been roped in.

The campaign unfolded amid tight security and marked by a controversy over the electoral roll – with the opposition warning of possible fraud.

Cisse's team claimed there were two electoral lists and hundreds of fake polling stations listed.

The European Union is expected to deploy around 100 observers on Sunday. Its chief observer, Italian Euro-MP Cecile Kyenge, called on Wednesday for "more transparency" and access for all observers, including 3,000 Malians.

Turnout is traditionally low in Mali during the first round of voting, hovering around 50 percent.

If Keita – widely known as IBK – or any of his contenders fail to secure more than half of the ballots, a second round will take place on August 12.

The first results are expected within 48 hours of the vote, with official results following on August 3 at the latest.

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#### Mali: Jihadist Hotbed In Sahel (AFP) Friday, July 27, 2018 AFP

Bamako (AFP) – The largely desert Western African nation of Mali is one of the world's poorest countries, plagued by iihadist attacks.

Ahead of presidential elections on July 29, here is some background.

- Sahel, Sahara -

Hot, dry and flat, Mali is in the semi-arid Sahel belt, its north jutting well into the Sahara Desert.

It is large and landlocked with most of its sparse population of nearly 18 million (World Bank 2016) in the south where the Niger River flows. The Muslim-majority, French-speaking nation – independent from France since 1960 – is home to around 20 ethnic groups.

After coups and coup attempts, Alpha Oumar Konare in 1992 became Mali's first democratically elected president, stepping down in 2002.

The current president, Ibrahim Boubacar Keita, was elected in 2013

Rebellions, jihadists –

The nomadic Tuareg people of the Sahara have revolted for decades against the domination of black populations in the south.

Their 1990-1994 rebellion left more than 1,000 dead before a peace treaty to end their struggle for self-rule.

But in 2006 several hundred former rebels, many of whom had been integrated into the army, returned to the bush to lead a campaign of attacks and hostage-takings, until a ceasefire in 2009.

A new Tuareg rebellion sprung up in 2011 and president Amadou Toumani Toure was ousted in 2012 by soldiers angry at his government's "inability" to put down the insurrection.

The conflict was hijacked by Al-Qaeda-linked groups, who overran much of northern Mali.

- France at the forefront -

France launched ongoing military operations in January 2013 that partially ousted the extremists. Months later they were joined by a UN peacekeeping force, MINUSMA, which numbers around 15.000.

A new peace accord was reached with the Tuareg-led rebel alliance in 2015 but entire areas remain outside the control of Malian and foreign forces.

The violence has since spread into central Mali, fuelling preexisting communal conflicts. It has also spilled into neighbouring Burkina Faso and Niger.

This prompted the launch in 2017 by the G5 Sahel regional grouping (Burkina Faso, Chad, Mali, Mauritania and Niger) of a joint anti-jihadist force, designed to operate primarily alongside France's 4,000 troops and the UN in the troubled "tri-border" area where Mali, Niger and Burkina Faso meet.

The G5 force aims to have a total of 5,000 troops but has faced funding problems and lack of equipment and has had little impact in the fight against jihadists so far.

- Poverty, cotton producer -

Population increases and drought have led to food shortages, poverty and instability, the World Bank says, even though Mali has recorded growth of more than five percent for several years.

Unemployment is high and nearly 50 percent of the population live on less than \$1.90 or less a day, according to the United Nations.

The country was 13 from last on the 2016 UN Human Development Index that compares life expectancy, education and standard of living in 188 countries.

Life expectancy is 58 (World Bank) while only less than a third of over 15s can read and write, according to national statistics.

With a little-diversified economy, the country returned in 2017-2018 as Africa's main cotton producer with 700,000 tonnes. Another notable production is cashew nuts.

#### - Fabled Timbuktu -

The northern desert city of Timbuktu is an ancient Islamic centre of learning celebrated for its tens of thousands of manuscripts some from the 12th century.

In 2012 Al-Qaeda-linked militants destroyed 14 of its mausoleums that dated back to its golden age in the 15th and 16th centuries. They were restored with the help of UNESCO, which lists the city as a site of world heritage.

Many African music legends come from Mali, such as Salif Keita, Rokia Traore and the duo Amadou and Mariam, as do world-renowned photographers like Seydou Keita and Malick Sidibe.

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#### **NETWORK TV NEWS COVERAGE**

ABC: Wildfires. ABC World News Tonight (7/26, lead story, 2:30, Muir, 7.86M) reported, "The tornadoes touching down in the northeast now confirmed. And the fire exploding in size outside Los Angeles tonight. It was a brush fire that was intentionally set, now a massive wildfire tonight in the mountains east of LA, several homes already destroyed. Thousands are now under mandatory evacuation orders tonight. And there are fast-moving developments in the arson investigation. ABC's Will Carr leading us off, he's on the scene of the Cranston Fire in Mountain Center, California." ABC (Carr) added, "Tonight, with nearly 70 large, out of control wildfires burning across the western United States." Unidentified Speaker: "It's just a massive plume of smoke." Carr: "California's governor declaring that state of emergency for two California counties. The Cranston Fire exploding in the last 24 hours, forcing thousands to evacuate. This fire has raced down the hillside behind me. It's being fueled by this bone dry brush. And these scorching temperatures. You can hear a tree going up behind me. It is 110 degrees out right now, it's not showing any signs of letting up. The fire roaring through this lumberyard, leaving a hellish snapshot straight out of Armageddon. This is one of the most intense feelings of heat that I've ever felt. It's easily burning over 1,000 degrees right here. And at least five homes destroyed so far. 4,700 acres now charred. The fire five percent contained." Unidentified Speaker: "We were so afraid this was going to happen." Carr: "Authorities say the fire was deliberately set, arresting 32-year-old Brandon McGlover overnight. He's now charged with five counts of arson." Captain Scott Visyak, CAL Fire: "And I'm glad they caught him when he did, because he had intentions to keep going." Carr: "Residents like Hayliee Brooks questioning why someone would want to create this trail of destruction." Hayliee Brooks, Resident: "Why would you do that? Why would you put so many people at risk? There are so many homes burned down." Carr: "The Cranston Fire now one of six burning in California. The Carr Fire near Redding now 20,000 acres. And near Yosemite, the Ferguson Fire charring more than 43,000 acres. Parts of that park still closed. Firefighters across the region battling fierce flames and scorching heat." Muir: "Will Carr back on the scene for us live tonight from mountain center. The charred scene right there behind you, will. And you reported there that this was deliberately set. You've learned the almost unbelievable way they caught their suspect?" Carr: "That's right, David. Witnesses tell us they saw this suspect driving across this area, tossing flares out of his window. They called the police and that led to the arrest. And with these conditions, mother nature really doesn't need any help creating devastation like this."

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ABC: Severe Weather. ABC World News Tonight (7/26, story 2, 1:05, Muir, 7.86M) reported, "We're also learning more tonight about tornadoes touching down here in the northeast, and with force. Two EF-1 tornadoes in western Massachusetts bringing one 100-mile-an-hour winds, leaving a path of destruction in Upton, Massachusetts. Powerful flood waters buckling and destroying the asphalt in central Pennsylvania. The Susquehanna River still under flood warnings after a foot of rain. Rob Marciano in Easton, Pennsylvania, with the Lehigh River raging behind you." ABC (Marciano) added, "It is rushing violently into the Delaware River, which is still rising tonight. Thankfully, today was a dry day. But tomorrow, more rain in the forecast and again next week. Let's time it out. Storms are going to fire around 3:00, 4:00 in the flood zone and pushing to the I-95 corridor, Baltimore, Philly, DC and New York around 8:00, 9:00. Some of these could be rough again like they were last night. We

have to look out for that. And we have a severe watch out for the high plains and likely there again tomorrow for severe storms. And the heat today peaking in the west, but it only cools by a few degrees tomorrow. Advisories and warnings remain up where those wildfires burn hot tonight. David?"

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ABC: Facebook-Stock Drops. ABC World News Tonight (7/26, story 3, 2:00, Muir, 7.86M) reported, "The other major headline tonight involves Facebook. A disastrous day for the social media giant. The biggest single-day drop for a US company ever, losing nearly \$100 billion in just one day. And look at the graph tonight. The stock holding study for four days there and just look at the drop today, plunging 19 percent. ABC's Kayna Whitworth on what this means." ABC (Whitworth) added, "Tonight, investors fleeing Facebook. The world's largest social media platform, losing close to \$100 billion in stock value just today alone." Daniel Ives, GBH Insights: "You're seeing users spending less time on the platform, that means less advertising revenues, and ultimately, that's not something investors want to see." Whitworth: "The losses stemming from a weaker than expected earnings report. And follows a tumultuous period for the company that included the discovery of huge numbers of fake Facebook pages linked to Russians during the 2016 election. Fake ads like this one of a popular cartoon saying, 'Dora The Explorer knows how easy it is to cross the border. We need to stop this madness. We need Trump.' And then word that Cambridge Analytica, a firm hired by the 2016 Trump campaign, may have improperly obtained information from up to 87 million users. All this prompting Zuckerberg to go to Capitol Hill and apologize." Mark Zuckerberg, CEO Facebook: "It was my mistake, and I'm sorry." Muir: "Kayna Whitworth with us live tonight. We watched that earlier this year, the data used to target users during the campaign. Zuckerberg lost billions himself today, Kayna?" Whitworth: "David, he lost more than \$15 billion, but he also says that Facebook's lower than expected earnings are due in part to the company reinvesting much of their money in security for the site. This, as their number of users is dropping significantly. David?"

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ABC: Trump-Tariffs-Farmer Bailout. ABC World News Tonight (7/26, story 4, 3:35, Moran, 7.86M) reported, "We're going to turn now to the President tonight, asking American farmers to be patient, and just today, saying to them, you're not going to be too angry with Trump. The President was in lowa today, we have heard from farmers in that state. We'll hear from farmers in Wisconsin tonight, who say they are feeling the effects of this trade war, ignited by the President. They say their bills are already mounting. But

the President is hoping for patience from many farmers who he counted on to win. ABC's Terry Moran again tonight." ABC (Moran) added, "In Dubuque County, Iowa, President Trump came bearing gifts for some of his loyal supporters, now getting anxious about his trade agenda." President Donald Trump: "I have to say, because we have a lot of farmers in this place, we had this hat made up, the John Deere colors, make our farmers great again." Moran: "And it wasn't just the hats. The President also offering about acknowledgement that his trade war with China is clobbering farmers here." Trump: "China wants to attack the farm belt because they know those – the farmers love me, they voted for me, we won every one of the states. They're not going to win, just so you understand, we have all the cards, we're going to win." Moran: "The upper Midwest, a crucial part of the President's base, but now, he's faltering. Look at neighboring Wisconsin. Just 31 percent say he should be re-elected. And 63 percent say he shouldn't. In other mid-western states, similar numbers. Most farmers in this region supportive still, but worried. Like Mark Recker, who grows corn and soybeans." Mark Recker, Farmer: "Farmers have been willing to give the President latitude as far as how he handles trade, but now it's hitting close to home. The reality is here. Lower prices. We're going into the fall with a larger crop, it looks like, and we're going to have questions about, how are we - what are our opportunities for profitability coming from now?" Moran: "The President tweeted famously back in March, 'Trade wars are good and easy to win.' But they're not. So to shore up the farmers, the Trump administration has announced a \$12 billion bailout, but don't call it a bailout. Steve Mnuchin hates that word." Steve Mnuchin, Treasury Secretary: "We're not bailing out any farmers. That's a ridiculous comment. That's not a bailout." Moran: "Whatever you call it, farmers aren't happy." Recker: "As farmers, I can tell you, we would rather get our income from the market. It's a handout that we really don't want." Moran: "Today, the President claimed he'd found a fix. Trade with Europe, part of the agreement he announced in the rose garden yesterday." Trump: "Basically, we opened up Europe, and that's going to be a great thing for Europe and really going to be a great thing for us and it's going to be a really great thing for our farmers." Moran: "But already today, Europeans are backing away from the idea of imports American agricultural products, especially if they're genetically modified, cost more because of the shipping distances or use chemicals banned in Europe. And in Wisconsin, where Michael Slattery farms soybeans, there's fear the trade war will do lasting damage." Michael Slattery, Farmer: "For me, this is a great loss. Not just because the price has dropped, but our future markets will be taken away from us." Moran: "He says farmers are the dupes in this whole process." Muir: "American farmers are going to be watching this very closely. They're feeling the effects first.

Terry Moran joins us live from the White House again tonight. And Terry, President Trump says the US will win this trade war, but some of the farmers say the pain could be permanent?" Moran: "That's right, David. The concern is that it's taken years, sometimes decades for American farmers and producers to build the business relationships, earn the market share and now that they're out of that market, competitors from other countries are rushing in to steal all that. The longer this trade war goes on, the risk of longer-term damage is greater."

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ABC: **CFO** Of Trump Organization Subpoenaed. ABC World News Tonight (7/26, story 5, 2:05, Muir, 7.86M) reported, "And there was another major development involving the President today and his company. Tonight, the CFO of the Trump organization, who has handled the family's finances for decades, has now been subpoenaed in the Michael Cohen case. Here's ABC's chief justice correspondent Pierre Thomas tonight." ABC (Thomas) added, "He is perhaps the most powerful person in the Trump organization not named Trump. The company's chief financial officer, Allen Weisselberg. And tonight, word he has been subpoenaed by federal prosecutors. Weisselberg at Trump's side for decades, even doing a cameo on 'The Apprentice." President Donald Trump: "Replacing George this week is my chief financial officer Allen Weisselberg. And you think George is tough? Wait until you see Allen." Thomas: "He currently runs the family's company, along with the President's sons Eric and Don Jr. And he's now caught up in the wide-ranging financial investigation of former Trump fixer and personal attorney, Michael Cohen. Prosecutors in New York also examining whether Cohen broke laws trying to quiet women who claimed to have had affairs with Trump. Weisselberg front and center in a newly released secret recording where you can hear Trump and Cohen apparently discussing a plan to buy the rights to the story of a playboy playmate who says she had a relationship with Trump. On the recording, Cohen proposes creating a shell company to do the deal." Michael Cohen, Former Trump Attorney: "And I've spoken to Allen Weisselberg about how to set the whole thing up with funding." Trump: "So, what do we have to pay for this one, 150?" Cohen: "Yes." Thomas: "Prosecutors now using a federal grand jury to question Weisselberg, the President's loyal long-time deputy who knows all there is to know about the Trump family business." Muir: "All right, so, let's get to Pierre Thomas, live again tonight from Washington. And Pierre, we know that prosecutors are listening carefully to that recorded conversation with the President, in which Michael Cohen actually mentions that CFO, Allen Weisselberg, in connection with the hush money payment?" Thomas: "That's right, David. That tape is of high

interest and they just got access to it this week. Weisselberg is a key witness and a gateway to knowing more about the President's finances. Trump wrote in one of his books, 'Allen has been with me for three years and he knows how to get things done."

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ABC: Immigration-Reuniting Families. ABC World News Tonight (7/26, story 6, 1:40, Muir, 7.86M) reported, "Our team here has been reporting on the children who were separated from their parents at the border. By midnight tonight, the government was told it has to reunite thousands of children with their parents. So, will they make the deadline, and how many children and parents are still waiting? ABC's chief national affairs correspondent Tom Llamas on this again tonight." ABC (Llamas) added, "Right now, reunions like this playing out across the country. But still, hundreds of migrant children remain in limbo, despite a court-ordered deadline. The government ordered to reunite more than 2,500 children separated from their parents. Tonight, more than 1,800 children back with their families. For months, we've reported on the children taken from their parents at the border. Ramped up under the Trump administration's zero tolerance immigration policy. And we saw up close the trauma families face. This mother, crossing illegally into the US, she told me she's been traveling for a month. She broke down. She tells me gangs threatened to kill her child. They already killed his father. And we were there as this little boy was reunited with his parents after living with a foster family in Michigan for eight months. Back in Guatemala, he looked shell-shocked. We've just received new numbers tonight. The federal government saying more than 700 children are ineligible for reunification because of an issue with their parents, including hundreds of cases where the parents are no longer even in this country. The government will now have to work and try to figure out how and if they'll be able to get those families back together. David?" Muir: "Just to be clear, some of the parents were actually sent home already." Llamas: "That's right. They either deported or left on their own, but the government can't find them in some cases."

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ABC: House Republicans-Articles Of Impeachment-Rod Rosenstein. ABC World News Tonight (7/26, story 7, 0:30, Muir, 7.86M) reported, "To other news tonight, and to a short-lived effort to try to impeach Rod Rosenstein, overseeing the Mueller investigation. Eleven conservative congressmen have now put off a drive to impeach Rosenstein, at least for now. Just hours before Congress left for a five-week break, they introduced articles of impeachment, accusing rosenstein of mishandling the

Russia investigation. Democrats tonight call it a political move on behalf of the President. Republican speaker Paul Ryan says he doesn't support impeachment. The measure would likely fail in a vote."

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ABC: Florida-Family Speaks Out Against Stand Your Ground. ABC World News Tonight (7/26, story 8, 1:30, Muir, 7.86M) reported, "Next tonight, the family speaking out against Florida's Stand Your Ground law. The same law in 27 other states. The black father shot and killed after a white customer appeared to start a fight over where they had parked. But no charges tonight. Here's ABC's Linsey Davis." ABC (Davis) added, "The family of Markeis McGlockton is now demanding a change to the law Florida police cited when announcing they would not file charges against the man who killed him." Britany Jacobs, Girlfriend: "I'm still in shock how this white man, this stranger, came up to my car and harassed me and my babies." Davis: "McGlockton was inside a Clearwater convenience store with his 5-year-old, buying snacks. He then rushed out after Michael Drejka, seen here, confronted his girlfriend Britany Jacobs inside her car with their other two young children because she was in a handicap spot. McGlockton forcefully shoved Drejka, who pulled out a gun and opened fire." Ben Crump, Family Attorney: "Make no mistake about it. This was a cold-blooded murder." Davis: "Drejka claimed self-defense under Florida's Stand Your Ground law, which allows people to use deadly force in order to protect themselves and police agreed. Tonight, his family is urging the state attorney to reverse course and charge him, saying the video shows McGlockton turning his body away from Drejka after that shove, proving he was not a threat. Now, at least 27 states have similar Stand Your Ground laws, and tonight, the family attorney is demanding that that law be changed so that someone who starts a confrontation can then not claim immunity."

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ABC: Law Enforcement Officers Killed. ABC World News Tonight (7/26, story 9, 0:10, Muir, 7.86M) reported, "To the index. The young state trooper killed near Phoenix. In training, shot on interstate 10. Officers were struggling with an erratic driver who grabbed another trooper's gun."

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ABC: Texas-Continuing Search For Cardiologist's Killer. ABC World News Tonight (7/26, story 10, 0:10, Muir, 7.86M) reported, "To Houston. Police now say it is highly probable that Dr. Mark Hausknecht, who once treated former President George HW Bush, was, in fact,

targeted by his killer. Surveillance video showing the suspect shooting the victim. He has not been caught."

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ABC: New Drug For Alzheimer's Patients. ABC World News Tonight (7/26, story 11, 0:15, Muir, 7.86M) reported, "A new drug showing promise in the fight against Alzheimer's. They say it reduced plaque in the brain that causes the disease, slowing progression. And in some cases, patients getting some memory back. It is still in clinical trials, but hopeful."

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ABC: Thailand-Soccer Team From Cave-Divers Speak Out. ABC World News Tonight (7/26, story 12, 1:30, Muir, 7.86M) reported, "Finally tonight here, we said we would stay on it, and tonight, inside that miracle cave rescue. What we never knew from the divers themselves. ABC's Matt Gutman tonight." ABC (Gutman) added, "Their daring mission captivated the world. Tonight, we're learning that the international rescue squad had feared that nearly half of that Thai soccer team would not survive the grueling journey out of that cave." Unidentified Speaker: "How many of you?" Gutman: "What did you think the chances were for success?" Jason Mallinson, British Cave Rescue Council: "We knew we could get them out. It was if we could get them out alive or not." Gutman: "One of the big concerns, the boys panicking." Mallinson: "There was potential for them to kill themselves, there was potential for them to kill us." Gutman: "So, rescuers administered a powerful sedative to knock the boys out cold. They used specialized equipment, full face masks so the boys could breathe, tightly strapped to prevent any leaks. A single leak could have been fatal. He volunteered for the first rescue. At one point, the 13-year-old boy starting to wake up. He had to re-administer that sedative. Had you ever administered a shot to anybody?" Mallinson: "Never." Gutman: "One by one, rescue divers saving every one of them. It does have to feel pretty good." Mallinson: "We never envisioned it would be completely successful and we're so glad it was." Gutman: "Most of those boys entering the monkhood. They hope to reunite with their hero divers some day, maybe without the masks."

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CBS: Wildfires. The CBS Evening News (7/26, lead story, 1:55, Glor, 5.69M) reported, "And we're going to begin here tonight with a wildfire that is a rapidly growing crime scene. A man suspected of starting that fire in California is in custody facing multiple counts of arson. The fire has now burned nearly 5,000 acres. 16,000 people have been forced from their homes in the town of Idyllwild, in the mountains east of Los Angeles. It is one of dozens of fires in the west

being fueled by drought and extreme heat. Jamie Yuccas is there." CBS (Yuccas) added, "Firefighters spent a second day battling this, a burning behemoth of thick smoke and erratic flames, threatening to devour mountain resort communities 90 miles east of Los Angeles. Crews launched an all-out assault in the air and on the ground as the fire tripled in size overnight. Several homes never stood a chance." Unidentified Speaker: "It's our homes. What can we do?" Yuccas: "What are your biggest concerns at this point?" Unidentified Speaker: "Right now our biggest concerns are these temperatures. The temperature is going up, the humidity is dropping- that is just a recipe for disaster." Yuccas: "Authorities believe the blaze was deliberately set by 32-year-old Brandon McGlover. He was arrested and charged with five counts of arson. The governor has declared a state of emergency here, and in northern California, where an out-of-control wildfire near the city of Redding has quickly grown to 20,000 acres. Meantime, a fast-moving brush fire near San Francisco caught the town of Clayton off guard." Unidentified Speaker: "There were firefighters all the way around it and they had to get out of way. It was just too much, too fast." Yuccas: "And more than 3,600 firefighters have bolstered containment lines around a wildfire near Yosemite National Park. Of course, this is the worst-case scenario Jeff-- a family loses their home in this fire. Four other properties have also been destroyed, and now firefighters are working around the clock to protect whatever homes they can."

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**CBS: Severe Weather.** The <u>CBS Evening News</u> (7/26, story 2, 0:20, Glor, 5.69M) reported, "Northeast now, the historic flooding in Pennsylvania turned deadly. An 18-year-old man drowned in a creek south of Pittsburgh. Parts of the state have got more then a foot of rain since the weekend. The storms did clear out today, but there's a huge mess there to clean up and more than 35 million Americans face the threat of severe storms again tomorrow."

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CBS: Facebook-Stock Drops. The CBS Evening News (7/26, story 3, 2:20, Glor, 5.69M) reported, "Facebook has taken a lot of hits recently. This may be the worst. Today, Facebook had the largest one-day drop in Wall Street history, losing more than \$120 billion in market value. After closing at a record high yesterday, Facebook plunged nearly 19 percent today to finish at \$176 a share. 'Wired' magazine's Nicholas Thompson explains why Facebook's focus on privacy may hurt profits." CBS (Thompson) added, "The social media giant stock plunged \$120.9 billion by market close, more than the value of Starbucks, UPS, and Goldman Sachs. The last one-day drop was in 2000 when Intel lot \$91 billion. The sell-off began during Wednesday's earnings call when

Facebook's Chief Financial Officer revealed profits would continue to sink. CEO Mark Zuckerberg explained why." Mark Zuckerberg, CEO Facebook: "We're investing so much in security, that it will significantly impact our profitability." Unidentified Speaker: "From now on, Facebook will do more to keep you safe and protect your privacy." Thompson: "Facebook rolled out this ad in April, promising to address data misuse after admitting that political consulting firm Cambridge Analytica collected information from up to 87 million Facebook users." Sen. Catherine Cortez Masto, Nevada: "Stop apologizing and let's make the change." Zuckerberg: "We should have handled a lot of things here differently." Thompson: "Facebook is also struggling with its promise to combat fake news." Alex Jones, InfoWars Host: "Meuller covered up for Epstein, kidnapping kids." Thompson: "The company is under pressure to explain why Info Wars and other sites that promote conspiracy theories are allowed to use the platform. And recently zuckerberg had to clarify controversial comments he made that appeared to defend holocaust deniers, originally saying it's not right to 'take someone off the platform if they gets things wrong.' Zuckerberg's personal wealth also took a hit. He lost about \$16 billion. If that loss holds, he will slip from six to third in the BLB index." Glor: "What else is triggering this Facebook selloff?" Thompson: "A couple of factors. One, it's harder to add new users. Two, the new products, particularly stories, aren't making as much money as the old products. And most importantly, the problems they have to fix-- fake news and privacy-- are expensive to fix."

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CBS: Immigration-Reuniting Families. The CBS Evening News (7/26, story 4, 2:00, Glor, 5.69M) reported, "The Trump administration has struggled to meet a courtimposed deadline tonight for reuniting immigrant children and their parents. More than 2,600 children five and older were forced apart at the border. About 1,800 are back with their parents. Just over 700 are still separated. Mireya Villarreal reports tonight from Albuquerque, New Mexico." CBS (Villarreal) added, "After crossing the border near El Paso back in May, Romela Victoria Isaula and her 13-year-old son, Geronimo, were finally reunited after being separated for two months. He says, 'I'm so happy because I have her close.' Now they're heading to Massachusetts where they will wait for a judge who will decide whether they will be granted asylum or sent back to Honduras. Geronimo is one of more than 1,800 children recently reunited with a parent or other family member, but there are still more than 700 separated. Four hundred and sixty-three of them have parents who may have already been deported." John Sandweg, Former Acting Director Of Immigration Customs Enforcement: "It's not entirely clear how the government is defining eligible and

ineligible." Villarreal: "John Sandweg is the former acting director of Immigration Customs Enforcement." Sandweg: "I'm worried we have 460 parents now deported to Central America. There is a very high likelihood those parents will not see their children again." Villarreal: "Immigration attorneys say the government is making unilateral decisions that include a parent's health condition and criminal history with no oversight." Sandweg: "There's a lot of concern that that standard is being inconsistently applied. Parents are being arbitrary denied access to their children." Villarreal: "So for the hundreds of ineligible children, these shelters will continue to be their home while the government figures out its next move. The ACLU is asking that federal judge to set a new deadline, August first, for more information on the reunification, which would hold the government's feet to the fire. Late this afternoon, the Department of Justice confirmed, Jeff, that they will have reunified all eligible families by the end of the day. Again, eligible being the key word here."

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CBS: Iowa-FBI Joins Search For Missing **Student.** The CBS Evening News (7/26, story 5, 2:00, Glor, 5.69M) reported, "More than a dozen FBI agents have now joined the search for a missing University of Iowa student. Molly Tibbetts disappeared last week after she went for a jog in Brooklyn, Iowa, about 70 miles east of Des Moines. As Adriana Diaz reports, police hope the fitness tracker she was wearing can provide a break in the case." CBS (Diaz) added, "In Brooklyn, Iowa, Molly Tibbetts' face is everywhere, but the 20-year-old is nowhere to be seen." Jake Tibbetts, Brother: "You never think you're going to see your-see your sister on a poster with a 'missing' sign right across her." Diaz: "Her brother Jake was of the last to see Tibbetts more than a week ago when he dropped her off here at the house her boyfriend, Dalton Jack, lives in." Dalton Jack, Boyfriend: "Just putting trust and faith in law enforcement." Diaz: "Jack was out of town at the time of her disappearance and is not a suspect. Last Wednesday, Tibbetts went out on her usual evening run. Now, up to 15 FBI agents have joined the investigation as well and are looking into the fitbit she was wearing and her social media footprint for clues to build a timeline." Mitch Mortvedt, Iowa Division Of Criminal Investigation: "That takes it to a whole new level because we're hoping to be able to precisely examine and know where she was, when she was there." Diaz: "Tibbetts' fitbit could potentially give investigators a trove of data from the day she disappeared. Thomas Yohannan is an expert on data recovery." Thomas Yohannan, Data Recovery Expert: "You could actually overlay the location data with the real world to find out what exactly happened. You're essentially trying to find a witness to the events that happened leading up to her missing person." Diaz: "Late today, investigators told us they

have completed a timeline of Molly's run using her fitbit data where her cell phone pinged towers and where witnesses saw her running. Jeff, their timeline ends where they think she went missing. They don't think she left by choice or made it back to the house that night."

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CBS: Law Enforcement Officers Killed. The CBS Evening News (7/26, story 6, 0:20, Glor, 5.69M) reported, "Two more law enforcement officers were killed on the job last night. A rookie Arizona trooper was fate ail shot near phoenix by a man who grabbed another trooper's gun as they tried to arrest him. And a 17-year veteran Milwaukee police officer was killed, also while making an arrest. So far this year, 36 US law enforcement officers have been gunned down in the line of duty. That is up more than 30 percent from last year."

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CBS: **US-North** Korea **Relations-Missing** Remains Returned. The CBS Evening News (7/26, story 7, 2:40, Glor, 5.69M) reported, "Tomorrow, North Korea is expected to turn over remains of soldiers killed in the Korean War. The repatriation was one of the agreements reached at the Trump-Kim summit. When the remains reach the US, they will undergo DNA analysis for identification. More than 7,000 Americans are still listed as missing in the war. Among them, Hal Downes. David Martin has his store." CBS (Martin) added, "Rick Downes was three years old when his father, Hal, went off to the Korean War. He's been missing ever since." Rick Downes, Son Of Missing Korean War Vet: "I call it the wound that never heals. After a while you get used to having it, and it finds a place within you and you go on and live life." Martin: "He was too young to remember his father, so all he has is a home movie of a 26year-old man with everything to live for." Downes: "You just can't help but look at him and see that he had it together. He had what he wanted. He with the woman he wanted. He had the family he wanted." Martin: "Hal Downes was a radar operator in the back of an Air Force bomber which went down on a mission over North Korea. The pilot and navigator were able to bail out. What did they tell you about what they thought had happened to your father?" Downes: "They had no idea." Martin: "Was either of them able to witness the crash?" Downes: "The navigator said the plane went down over-- finally crashed over a hill, and he heard the ammunition going off. And that's all. That's all we know." Martin: "Two years ago, Rick flew to Pyongyang to press for the return of not just his father's remains, but those of the 5,300 American service men still missing in action in North Korea. Are you out to give yourself father a proper burial, do a son's duty?" Downes: "I got the son's duty already when I

got to go to North Korea. We flew in over where we think my dad's plane went down." Martin: "This is him with a snapshot of his father as he flew over the site." Downes: "That was all there, the hills that the navigator said the plane went down. There they were. That's the closest I have been to him, proximity-wise, since I was three. And just never will forget that." Martin: "Now he is coming close again, this time with a promise by Kim Jong-Un to President Trump to return remains from the war." Downes: "You have to really watch your heart here, because this all could just fizzle. This could be nothing. It could be everything." Martin: "Whether Hal Downes ever receives a proper burial is in the hands of the North Koreans, but when you visit the National Mall, you will find his image etched to the stone of the Korean War Memorial, the face of the missing. David Martin, CBS News, Portsmouth, New Hampshire."

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CBS: Turkey-American Christian Pastor Detained. The CBS Evening News (7/26, story 8, 0:30, Glor, 5.69M) reported, "President Trump tweeted today the US will impose large sanctions on Turkey for detaining an American Christian pastor. That would be unprecedented action against a NATO ally. Andrew Brunson is under house arrest now. The government says he was involved in a failed coup attempt in 2016. He denies it. In his tweet, the President demanded Brunson be released immediately. Turkey's Foreign Minister tweeted back, 'No One dictates Turkey.'"

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CBS: 3D Printed Guns. The CBS Evening News (7/26, story 9, 2:25, Glor, 5.69M) reported, "Beginning August first, Americans will be able to download instructions for making guns on a 3D printer. The firearms will be all plastic and untraceable. This follows a long legal battle between a Texas gun designer and the US State Department. Here's Nikki Battiste." CBS (Battiste) added, "This is the liberator, a 3D printed gun. It's the design of 30-year-old Cody Wilson, founder of Defense Distributed, a pro-gun group." Cody Wilson, Founder Of Defense Distributed: "Anywhere there's a computer, there's a weapon." Battiste: "The plastic weapon is made with a 3Dprinter, internet connection, and this free online guide. This one only fires once." Wilson: "It only needs to be lethal once. I mean, that's the idea, right?" Battiste: "Wilson's 3D blueprints include AR-15s. The State Department demanded Wilson take down his blueprints five years ago. He complied but fired back with a lawsuit citing free speech rights." Wilson: "We said, no, we're Americans. Americans have the right to access this data unquestionably." Battiste: "After a legal battle, a settlement was recently reached. Starting next Wednesday, the State Department will allow Wilson to start posting his 3D gun blueprints on his web. David Chipman is a retired ATF special agent who said 3D printed guns present a real and present danger because they are unregulated and untraceable." David Chipman, Retired ATF Special Agent: "We're basically, you know, handing the keys to the store to terrorists and armed criminals." Battiste: "Gun hobbyist Mike Crumling says the threat of 3D firearms is overblown. He designed his own 3D guns." Mike Crumling, Gun Enthusiast: "The printing process is not dangerous. The testing process would be the most dangerous part about it." Battiste: "Crumling says it could take up to 40 hours to print one 3D firearm." Crumling: "The people who think that you can download and just print a firearm, it- it's possible, but it's not quite that simple." Battiste: "But Chipman believes this technology will fall into the wrong hands." Chipman: "I guarantee you five, 10 years from now, this is going to be a real threat to public safety." Battiste: "Several gun-control organizations are tonight seeking an emergency injunction to halt the publication of the blue prints. 3D guns can already be made legally. But, Jeff, they cannot be sold." Glor: "No matter how you feel about this issue I think it will get a lot more attention in the years ahead. Nikki, thank you."

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CBS: Greece-Wildfire Linked To Arson. The CBS Evening News (7/26, story 10, 0:15, Glor, 5.69M) reported, "Officials in Greece said today there is evidence the wildfire that swept through a vacation area near Athens this week was arson. New drone footage shows the scale of the devastation there. More than 80 people were killed. Dozens are still missing."

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CBS: France-Career Criminal Still On Run. The CBS Evening News (7/26, story 11, 0:25, Glor, 5.69M) reported, "French police say they just missed capturing their most-wanted fugitive. Redoine Faid, a career criminal, broke out of prison in spectacular fashion July 1st, flying out with accomplices in a hijacked helicopter. Police believe they spotted him Tuesday near Paris, but he sped away in a car that was later found in a parking garage. The car contained six containers of plastic explosives. Faid was nowhere to be found."

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CBS: Colombia-Drug Gang Puts Bounty On Police Dog. The CBS Evening News (7/26, story 12, 0:20, Glor, 5.69M) reported, "This may be a first. A Colombian drug gang has put a \$70,000 bounty on a police dog. Sombra, or Shadow, has sniffed out about 10 tons of drugs in more than 300 operations. The German Sheppard's work has led to

more than 245 arrests. Police have now transferred Sombra to a safer post and given him extra security."

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NBC: Facebook-Stock Drops. NBC Nightly News (7/26, lead story, 1:45, Holt, 7.35M) reported, "Facebook could use friends and likes tonight after a stunning and historic upset on Wall Street. The social media giant losing tens of billions of dollars in value sliding nearly 20 percent for the biggest loss sustained by a company in stock market history, but it's a story behind Facebook's problems being closely watched in the Silicon Valley, slowing growth and fewer daily users as the company grapples with lingering privacy and security scandals. Our Tom Costello has details." NBC (Costello) added, "The sell off was staggering and unprecedented. Facebook losing \$119 billion in market value today alone. The worst single day ever for a US company after this profit warning from CEO Mark Zuckerberg." Mark Zuckerberg, CEO Facebook: "We're investing so much in security that it will impact our profitability." Costello: "Zuckerberg lost \$15 billion in the sell off, coming after two years of scandals and investigations." Rep. Mike Doyle, Pennsylvania: "It seems you turned a blind eye to this, correct." Zuckerberg: "Congressman, I disagree with that assessment." Costello: "From Russian election meddling and disinformation to 87 million users whose private information was compromised by Cambridge Analytica, now Facebook users are tightening their privacy settings and the number of daily users is dropping." Scott Galloway, NYU Stern School Of Business: "So you can argue there is a lot of rage against Facebook, but where do people go to express their rage? They go to Facebook and Instagram." Costello: "Facebook insists it is making changes to privacy and security. It still dominates social media worldwide. From London to Berlin, the Vegas strip to Tokyo, also owning Instagram, Messenger, and What's App. Despite the stock sell off today, it's back to where it was in May."

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NBC: Facebook-Fake Profile Issues. NBC Nightly News (7/26, story 2, 2:00, Holt, 7.35M) reported, "This is Jo Ling Kent, the world's largest social network is struggling in the battle against fake profiles. The problem is so big that Facebook says it's disabled 1.3 billion fake profiles over the past year. Police officer Justin Terney was killed in the line of duty at 22 years old. A year later, as the community mourned, a fake profile with his photo appeared on Facebook." J.R. Kidney, Tecumseh Police Chief: "I couldn't believe somebody would stoop that low. They created a Facebook profile page stating he was married, from lowa and that he was currently working at the Kansas City Kansas police department." Kent: "Chief of Police J.R. Kidney says he

contacted Facebook to remove the fake profile." Kidney: "Our response from Facebook is zero." Kent: "NBC news found dozens of cases of cyber thieves using stolen identities to create fake Facebook pages. This month, former Atlanta city councilman Alex Nguyen found his photo plastered across multiple fake profiles used to try to attract women. Brandy Beckham called authorities when a woman stole photos of her twins off Facebook." Brandy Beckham, Facebook User: "She changed their names and birthdays and said we adopted them and we died." Kent: "Facebook wants to use artificial intelligence to spot impersonators." Kara Swisher, Executive Editor At Recode: "The problem is they built a platform that is just well beyond their ability to monitor it." Kent: "After a month and a half, Facebook removed the fake profile with Officer Terney's photo." Kidney: "As much data and information as they have, they could be law enforcement's best friend, but in this situation, sometimes I feel like they are our worst enemy." Kent: "Facebook declined the request for an interview. The company apologized and called the Oklahoma police department case a mistake, saying community standards do not allow people to misrepresent themselves or impersonate others. This comes as Facebook grapples with fake profiles, bogus advertisers and foreign influence ahead of the 2018 midterm elections."

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NBC: Wildfires. NBC Nightly News (7/26, story 3, 2:10, Holt, 7.35M) reported, "An American treasure is under threat tonight along with homes and buildings in California. A spreading wildfire emptied Yosemite National Park and triggered mass evacuations. Tonight wildfires fueled by record heat are sweeping up and down the region, with California declaring a state of emergency. Our Miguel Almaguer is in the fire zone." NBC (Almaguer) added, "Tonight on both ends of the state, firefighters in California are losing the battle to save homes. These explosive conditions, fueled in part by record-breaking heat." Unidentified Speaker: "I'm just upset and scared." Almaguer: "The most dangerous fire in the state, threatening 5,300 structures and an American jewel, the Ferguson Fire is just a few miles from Yosemite National Park. The rugged terrain so dangerous, a firefighter has been killed here. How dangerous is this fire?" Mark Brunton, CAL Fire: "Extremely dangerous. So explosive and unpredictable that it puts us in a really hazardous situation." Almaguer: "With Yosemite shut down and tourists evacuated, the park's iconic beauty is shrouded in choking smoke. Camp grounds, Yosemite Falls and the valley floor eerily quiet. The first time fire has closed the park in 28 years." Scott Gediman, Yosemite National Park: "We have changing fire conditions. It's just not safe." Almaguer: "From the fire lines to the frying pan, today 30 million across the west are cooking in the heat. Sacramento,

Tucson, Vegas, all hitting record highs this week. But in California, it's firefighters feeling the heat." Unidentified Speaker: "We are just petrified about our home." Almaguer: "Tonight in Yosemite, the race is on to protect a majestic park in the valley known for incredible beauty, this is a sight no one wants to see. It's hard to believe just three miles from this majestic fight, firefighters with us on the front lines as they are in a different world trying to protect this world. As you can see here, the valley is still socked in smoke and haze, this iconic view difficult to make out from anywhere in the park."

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NBC: Trump-Effects Of Tariffs. NBC Nightly News (7/26, story 4, 2:00, Holt, 7.35M) reported, "To President Trump hitting the road for controversial trade policies after announcing a truce with the European Union, but the ongoing trade war with China is having a negative impact with US companies, including big-name brands, and you may pay the price. NBC news chief White House correspondent Hallie Jackson has the story." NBC (Jackson) added, "President Trump on a tour, defending his controversial tariffs." President Donald Trump: "The US steel is back." Jackson: "That's easy to do in front of this group, steel workers helped by his steel and aluminum tariffs, but many more industries use metal than make it, and they are feeling the pinch from retaliatory measures other countries are slapping on the US, including Coca-Cola, which says it's raising soda prices." James Quincey, Coca-Cola CEO: "It flows through the supply chain in all sorts of different ways, and ultimately thanks will have to pass through." Jackson: "It's not just manufacturers hurting, despite the promise to make farmers great again, many are waiting." Dave Kestol, Farmer: "They took beans down \$2 a bushel. That's a 20 percent pay cut. That's huge." Jackson: "Dave Kestol blames retaliatory tariffs, not the President, but needs something to happen soon, so does Nicole Esare, who says a \$12 billion aid package the administration announced isn't enough for her farm." Nicole Esare, Farmer: "It's a temporary fix. It's a band aid. It's not going to help us in the long run." Jackson: "That's not the only short-term solution. The President hopes to deescalate trade tensions with the EU, announcing in an agreement to hold talks, and while they do, hold off on new tariffs. Are you satisfied, is that enough, done deal?" Sen. Doug Jones, Alabama: "No, look, that's a fine first step, and I applaud for a first step, but it's only one small sliver of a much bigger pie." Jackson: "Senator Doug Jones' state Alabama would be among the places hardest hit by the tariffs, and so would Michigan and Wisconsin, two other places the President won but where his approval rating according to the poll has now slipped below 40 percent. Hallie Jackson, NBC news, the White House."

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NBC: Beijing-Explosive At US Embassy. NBC Nightly News (7/26, story 5, 0:15, Holt, 7.35M) reported, "Terrifying moment at the US embassy in Beijing today when authorities say a man detonated an explosive device on the street outside. The suspect was injured. Nobody else was hurt. There was no damage reported to the embassy. The motive unclear."

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NBC: **Texas-Continuing** Search For Cardiologist's Killer. NBC Nightly News (7/26, story 6, 1:30, Holt, 7.35M) reported, "New developments in a high profile murder mystery in Texas. A cardiologist who has treated George HW Bush, gunned down, the gunman also on a bike and authorities say it was a targeted attack, but who did it and why? We get the latest from Tammy Leitner." NBC (Leitner) added, "Tonight, police reveal a renowned Houston cardiologist was likely targeted by his killer, leaving more questions than answers." Unidentified Speaker: "This is a truly a who done it from top to bottom, a perplexing case." Leitner: "New video shows Dr. Mark Hausknecht in his final moments before being gunned down. The images captured from a city bus cam show the doctor in blue scrubs riding his bike to work, just like he did every day. Not far behind him, another man on a bike trailing the doctor, seen here carrying a bulging backpack. Minutes later, the gunman rode in front of the doctor and fired three shots while facing him. The medical examiner said he died of gunshots to the head, torso and upper left extremity and investigators, releasing this sketch of the suspect. Friends and neighbors retracing the killer's path, searching for clues." Unidentified Speaker: "Did you see anything unusual?" Leitner: "And asking residents to check home surveillance cameras." Unidentified Speaker: "We want to solve this murder, a senseless murder." Leitner: "Tonight, police continue to investigate why someone would murder a man who dedicated his life to saving others."

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NBC: US-Worst Maternal Maternity Rate In The Developed World. NBC Nightly News (7/26, story 7, 1:50, Holt, 7.35M) reported, "We turn now to a critical health warning for America's mothers, it might shock you to learn the US is the most dangerous place to give birth among developed nations. Hundreds of moms dying every year in this country and most of the time the deaths are preventable, but why is the mortality rate here so high? Is NBC's Kristen Dahlgren." NBC (Dahlgren) added, "Tara Hanson was 29, active and on top of the world about her first child Brandon." Tara Hanson, Mother: "Hi, Brandon bear." Dahlgren: "But within hours of giving birth, she didn't feel well. She told her husband Ryan and medical staff. Did she tell doctors?" Ryan Hanson, Widow: "She did. We were never able to push the

needle to the point where somebody said we need to do more." Dahlgren: "Six days later, Tara died of an infection." R. Hanson: "It's hard to understand." Dahlgren: "It's an alarming trend. The US has the worst maternal mortality rate in the developed world, 700 women die every year from pregnancy or childbirth and some 65,000 nearly die. Serena Williams says she was almost a statistic. After giving birth, she was diagnosed with blood clots, but only after she repeatedly insisted doctors do a CT scan. African Americans are particularly at risk." Dr. Mary D'Alton, New York-Presbyterian And Columbia University Irving Medical Center: "We're significantly behind other advanced nations, and we're really not sure of the reason why." Dahlgren: "Possible factors, women having babies later, lack of access to care, or doctors not paying enough attention to the mother's health. A stunning 60 percent of childbirth related deaths in the US are preventable. New York Presbyterian Colombia opened a first of its kind mother center practicing for emergencies and pushing for statewide reporting to better understand maternal deaths. Ryan Hanson now runs a foundation to increase awareness while raising 7-year-old Brandon, never forgetting the mom they lost."

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**NBC: US-Worst Maternal Maternity Rate In The Developed World-Expert Comments.** NBC Nightly News (7/26, story 8, 0:45, Holt, 7.35M) reported, "These are alarming statistics. I want to bring in Dr. John Torres. What should patients, women be aware of when they go to the hospital?" NBC (Torres) added, "There is steps new moms can take. Three of the biggest concerns during and a few weeks after delivery to watch are blood loss, high blood pressure and fevers. Then keep mom and baby together unless there is medical reason to separate them. The skin to skin contact can help reduce mom's chances of excessive bleeding, and finally, if you notice small symptoms, report it to your medical team and ask for an exam, and always have someone with you as an advocate that will ask the questions and press doctors for more than just she's fine as an answer." Holt: "If it doesn't feel right, say something." Torres: "Let them know."

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**NBC: lowa-FBI Joins Search For Missing Student.** <u>NBC Nightly News</u> (7/26, story 9, 1:35, Holt, 7.35M) reported, "We're back with a deepening mystery over a missing university of lowa student. She went for a jog in her hometown last week and hasn't been seen since. The FBI is hoping the fitbit she's been known to wear could help lead them to her. Her family members are speaking out to Ron Mott." NBC (Mott) added, "In the heart of lowa, a desperate search for missing college student Molly Tibbetts who

disappeared a week ago. Molly's missing posters, showing the sophomore, are plastered over her hometown. Her mom, grateful but worried." Laura Calderwood, Mother: "Of course, I'm hopeful she'll be found because she's tough and smart." Mott: "She says the 20-year-old was dog sitting for her boyfriend's brother. She went out for a run and sent a Snapchat to her boyfriend at 10:00 pm last Wednesday. He was the last to hear from her. and they are treating the case as criminal." Mitch Mortvedt, Iowa Division Of Criminal Investigation: "We're combing through digital evidence that Molly had and utilized. She's 20 years old. She's a college student. She's well-connected." Mott: "Tibbetts is an avid runner that always wore a fitbit, the FBI hopes to secure her location. A Facebook page set up to find her has almost 30,000 followers. Investigators scouring social media and cell phones for clues. They say the smallest bit of information might break the case." Morgan Collum, Cousin: "It's exhausting thinking about the possibilities of what could have happened to her, but the thing that I personally feel in my gut is that she's alive."

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NBC: American Airlines-Carry On Bags. NBC Nightly News (7/26, story 10, 0:20, Holt, 7.35M) reported, "One of the nation's biggest airlines is backing away from a ban on board. American Airlines says it will soon allow passengers traveling in basic economy to bring aboard a carry on bag. Since 2017, basic economy passengers haves been required to check carry on's and pay the fees that go with it. The new carry on rules go into effect September fifth."

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NBC: Immigration-Reuniting Families. NBC Nightly News (7/26, story 11, 0:30, Holt, 7.35M) reported, "Tonight the government is facing a deadline to reunite more than 2,500 children ages five to 17 taken from their parents at the border, and new numbers just in show 1,442 of those children have been reunited. The government expects to reunite children to what they call eligible parents by the deadline, which is midnight pacific tonight. The government says the parents of 711 children are considered ineligible because of such factors as criminal records or verification issues."

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From: Kenna, Lisa D <kennald@state.gov>

**Sent:** Friday, July 27, 2018 9:01 PM

To:

**Subject:** Fwd: AP - Texas company cleared to put 3D-printed gun designs online

Sir,

This is the latest article on the 3D gun matter.

#### Subject: AP - Texas company cleared to put 3D-printed gun designs online

Texas company cleared to put 3D-printed gun designs online

**Associated Press** 

LISA MARIE PANE

July 26, 2018

https://www.yahoo.com/news/gun-control-groups-want-block-publication-gun-designs-171511685.html They look futuristic, the type of firearms that would-be assassins use in movies: 3D-printed guns made of a hard plastic that are simple to assemble, easy to conceal and tough to trace.

The future is here.

After spending years fighting the federal government for the right to do so, a Texas company was given the green light to post blueprints online showing people how to make 3D-printed guns from the comfort of their home.

Gun safety advocates and some law enforcement officials are appalled, worried that this is exactly what criminals and terrorists want: guns that can't be flagged by metal detectors, don't have serial numbers to trace, and don't require the usual background checks. A coalition of gun-control groups filed an appeal Thursday in federal court seeking to block a recent Trump administration ruling allowing Cody Wilson and his company, Defense Distributed, to post blueprints online to create a 3D-printed firearm.

"There is a market for these guns and it's not just among enthusiasts and hobbyists," said Nick Suplina, managing director for law and policy at Everytown for Gun Safety, one of the three groups that have gone to court. "There's a real desire and profit motive in the criminal underworld as well."

Wilson, the founder of Defense Distributed, first published downloadable designs for a 3D-printed firearm in 2013. It was downloaded about 100,000 times until the State Department ordered him to cease, contending it violated federal export laws since some of the blueprints were downloaded by people outside the United States.

But in a reversal that stunned gun-control advocates, the State Department in late June settled its case against Wilson and agreed to allow him to resume posting the blueprints at the end of July. Wilson took to Twitter, declaring victory and proclaiming he would start back up on August 1.

Wilson did not return an email seeking comment. His attorney, Josh Blackman, a professor at the South Texas College of Law Houston, declined to comment.

Gun industry experts say the guns are simply a modern-day equivalent of what already is legal and readily available: the ability to assemble your own firearm using traditional materials and methods at home without serial numbers. They argue that 3D-printed firearms won't be a draw for criminals since the printers needed to make one are wildly expensive and the firearms themselves aren't very durable. "It costs thousands and thousands and thousands of dollars to acquire a printer and the files and the knowhow to do this. They don't work worth a damn. Criminals can obviously go out and steal guns or even manufacture quote-unquote real guns, not 3D printed," said Larry Keane, executive director of the National Shooting Sports Foundation, which represents gun manufacturers. "If you're a gang banger in L.A., are you going to go out and spend tens of thousands of dollars to buy a printer to print a gun that doesn't work very well or are you just going to steal one?"

Unlike traditional firearms that can fire thousands of rounds in their lifetime, experts say the 3D-printed guns normally only last a few rounds before they fall apart. They don't have magazines that allow the usual nine or 15 rounds to be carried; instead, they usually hold a bullet or two and then must be manually

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loaded afterward. And they're not usually very accurate either.

A video posted of a test by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in 2013 showed one of the guns produced from Wilson's design — the Liberator — disintegrating into pieces after a single round was fired. Wilson's website will also offer blueprints for AR-style long guns besides its first product: a pistol called the Liberator.

A similar style of firearm was famously used by John Malkovich's character in the 1993 movie "In the Line of Fire" in which he portrays a would-be assassin who surreptitiously brings the firearm into a hotel ballroom, assembles it underneath his dinner table and then tries to use it to kill the president. Law enforcement officials express concern about allowing the designs for such firearms to be publicly available expressly because they're easy to conceal and untraceable since there's no requirement for the firearms to have serial numbers.

"When you think about all the rhetoric we here in our nation about tightening our borders and homeland security, and now we're going to put out there for anyone who wants a recipe for how to overcome ... TSA airport screenings or any other metal detector," said Rick Myers, executive director of the Major Cities Chiefs Association. "It's absolutely insane."

The State Department decision came amid an obscure administrative change — begun under the Obama administration — in how the weapons are regulated and administered. Military grade weapons remain under the purview of the State Department, while commercially available firearms fall under the Commerce Department. The settlement with Wilson determined that 3D-printed firearms are akin to more traditional firearms that aren't subject to ITAR, or International Traffic in Arms Regulations, overseen by State.

U.S. Sen. Bob Menendez, D-New Jersey, called on Secretary of State Mike Pompeo to review the decision. Robert Spitzer, chairman of political science at the State University of New York at Cortland and an expert on the Second Amendment, warned that while 3D-printed firearms are a novelty now — too expensive to make and too fragile to be used for more than a few shots — technology will soon catch up.

"Their popularity right now is limited," Spitzer said. "There was interest in the blueprints because they're sort of exotic and because sort of a taboo thing."

Erich Pratt, executive director of Gun Owners of America, echoed that sentiment.

"It's not very practical," Pratt said. "Let's be serious. First of all, you're going to plunk out thousands of dollars just for the printers. This is a very expensive route to go just to get a piece of plastic that will only last a round."

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# STATE DEPARTMENT NEWS CLIPS

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#### SECRETARY OF STATE

How Trump's Deal To Secure The Release Of A American Pastor Held In Turkey Fell Apart (Leonnig, Parker, Fahim, Deyoung, WP) Thursday, July 26, 2018 Washington Post By Carol D. Leonnig, Ashley Parker, Kareem Fahim And Karen Deyoung

President Trump thought he had a deal.

His NATO meeting with Turkish President Recep Tayyip Erdogan earlier this month had ended with a smile, a fist-bump and what Trump thought was an agreement to free Andrew Brunson, the American pastor imprisoned in Turkey

for the last two years on what the administration considered bogus terrorism charges.

The deal was a carom shot, personally sealed by Trump, to trade a Turkish citizen imprisoned on terrorism charges in Israel for Brunson's release. But it apparently fell apart on Wednesday, when a Turkish court, rather than sending the pastor home, ordered that he be transferred to house arrest while his trial continues.

Thursday morning, after a rancorous phone call with Erdogan, Trump struck back. The United States "will impose large sanctions" on Turkey, he tweeted. "This innocent man of faith should be released immediately."

Vice President Pence chimed in, saying in a speech at a religious conference that Turkey must free Brunson now "or be prepared to face the consequences." Secretary of State Mike Pompeo called his counterpart in Ankara.

The Turks, according to a Trump adviser, had cheated by "upping the ante" for Brunson. While the exact Turkish terms are unknown, Ankara has a long list of complaints, including the U.S. failure to extradite the Turkish citizen it considers responsible for a failed 2016 coup attempt, the U.S. investigation of a Turkish state-run bank for violating Iran sanctions, and attempts by Congress to prevent delivery of F-35 fighter jets that Turkey has already purchased.

Several U.S. officials and other people familiar with the situation insisted that there had been no misunderstanding of the terms of the deal.

"Turkey missed a real opportunity. Pastor Brunson is not a bargaining chip," said a White House official, who like others spoke on the condition of anonymity about what has quickly become a major diplomatic incident with potentially wideranging ramifications.

In addition to its NATO membership, Turkey is a key player in Syria and in the Middle East in general.

There was no immediate response from Erdogan. His spokesman, Ibrahim Kalin, said the administration's "threatening language" was "unacceptable."

"The United States must reconsider its approach and adopt a constructive position before inflicting further damage to its own interests and its alliance with Turkey," he said in a statement.

Foreign Minister Mevlut Cavusoglu was more blunt. "No one dictates to Turkey," he tweeted. "We will never tolerate threats from anybody." The government, he indicated, could not interfere with the courts and had to respect the "rule of law."

Trump considers himself his own best negotiator with world leaders, and has boasted of his ability to size up the person across the table, forge a personal bond, and strike the best deal. He often saunters into phone calls and meetings with foreign presidents and prime ministers, paying little attention to history, protocol and a pile of briefing papers prepared for him by his foreign policy experts.

The outcome of his recent sit-downs with North Korea's Kim Jong Un and Russian President Vladi-mir Putin remain up in the air. But Erdogan — a NATO ally whom Trump singled out for praise as he criticized other alliance members at the recent summit in Brussels — has clearly been a disappointment.

The fast unraveling of the situation this week followed a notable improvement in U.S. relations with Turkey after several years of dissonance. At a meeting in Washington last month, Pompeo and Cavusoglu finalized an agreement on one of the most serious and long-running disagreements between the two countries — the withdrawal of U.S.-allied Kurdish forces from part of Syria's border with Turkey. Turkey considers the Kurds, proxy forces in the U.S. fight against the Islamic State, to be terrorists.

Brunson, whose fate is of great importance to evangelical Christians who form a major part of the president's political base, was at the top of Trump's list during what was, to all appearances, a cordial meeting with Erdogan at the July 11-12 NATO summit.

A Christian missionary from North Carolina, Brunson, 50, had lived in Turkey for more than two decades when he was detained in October 2016. The indictment, based on evidence provided in part by three secret informants, accuses him of acting in coordination with the organization headed by alleged coup attempt mastermind Fethullah Gulen, a U.S. permanent resident living in Pennsylvania, as well as Turkey's outlawed Kurdistan Workers' Party, or PKK. It also accuses him of attempting to convert Kurds to Christianity.

The case quickly became a cause celebre in this country. Lawmakers last year who tried to insert a sanctions provision, tied to Brunson's release, to the omnibus spending bill, were persuaded by the White House to let its diplomatic efforts succeed

Optimism was so high that Erdogan, after a reelection victory last month that increased presidential powers — and the need to improve Turkey's faltering economy — would be more willing to move on the issue. In late June, he left visiting U.S. senators Jeanne Shaheen (D-N.H.) and Lindsey O. Graham (R-S.C.) with the impression that relations were improving.

On July 14, after traveling from the NATO gathering to his golf club in Scotland, Trump placed a call to Israeli Prime Minister Benjamin Netanyahu, about what the Israeli leader later called "security and diplomatic issues arising from regional developments, chiefmost among them, of course, Syria and Iran," according to Israeli media.

But the call also included a discussion of Turkey. Trump, according to a person familiar with the subsequent deal, asked his Israeli ally if he would release Ebru Ozkan, a 27year-old Turkish woman who was detained in Israel on charges of acting as a smuggler for Hamas, the Palestinian group that the United States and Israel have labeled a terrorist organization.

Erdogan's government had expressed anger over Ozkan's June 11 arrest as she attempted to fly home from Israel's international airport in Tel Aviv. But the case was apparently considered weak by the Israeli court, which last week ordered her transferred to house arrest over the objections of prosecutors.

On July 15, the day after Trump and Netanyahu spoke, Ozkan was deported from Israel. Speaking to reporters on her arrival in Istanbul, she thanked Erdogan, who "was kind enough to be very interested in my case," she said. Israeli officials declined to comment on the arrangement.

On July 18, a Turkish court rejected appeals to release Brunson and set another court date for October. U.S. officials appeared taken aback, and Trump, on Twitter, called it a "total disgrace." But less than a week later, on Wednesday, the court convened again to order that the pastor be released from prison and placed under house arrest.

The U.S. response was mixed. Pompeo, on Twitter, called it a "welcome" development, but added it was "not enough."

Erdogan appeared to believe he was in the clear, telling Turkish media that Trump had told him, when they met in Brussels, that the F-35 deal would go through.

By Thursday morning, however, the administration's apparent puzzlement had turned to rage.

The angry outbursts by both sides raised questions about how the impasse would be resolved — and whether there was any way left for Erdogan to release Brunson without seeming to cave in to American demands.

"Pence and Trump have left him no graceful exit," said Soner Cagaptay, a Turkish American political scientist at the Washington Institute for Near East Policy, who said the feud amounted to the worst political crisis between Ankara and Washington in at least four decades.

But Gonul Tol. the director of the Center for Turkish Studies at the Middle East Institute in Washington, said that Erdogan could still let him go without facing any real backlash.

Erdogan's recent election victory had afforded him vast new powers and he "can pretty much do whatever he wants," Tol said, including release Brunson. "He doesn't even have to justify what he has done."

Fahim reported from Istanbul.

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#### Trump Threatens Turkey Sanctions Over Pastor As Ties Hit New Low (Epstein, BLOOM)

Thursday, July 26, 2018 **Bloomberg News** 

By Jennifer Epstein

U.S. President Donald Trump said he will impose "large sanctions" on Turkey over the detention of an American pastor who's been accused of aiding a failed 2016 coup in the country, plunging relations between the two NATO allies to a new low

Andrew Brunson, an evangelical minister, is "a great Christian, family man and wonderful human being," Trump said in a tweet Thursday. "He is suffering greatly. This innocent man of faith should be released immediately!"

The episode is the latest in a series of crises between the longtime allies. The U.S. slammed Turkey's plans to buy a missile defense system from Russia, which already has raised the threat of American sanctions. The countries have also clashed over the war in Syria, where Turkey has increasingly acted in concert with Russia and Iran. President Recep Tayyip Erdogan blames the U.S. for harboring the alleged mastermind behind the coup attempt.

The Turkish lira extended losses, leading declines among emerging market currencies.

Neither Trump nor the White House offered any specifics about the measures that the U.S. may take or how soon they may be imposed. Officials at the Turkish embassy in Washington didn't immediately comment.

Erdogan's government arrested Brunson in 2016 and indicted him last year on charges of espionage and attempting to overthrow the state. He was released after a year and a half in jail to house arrest on Wednesday.

Vice President Mike Pence, who said he spoke to Brunson on Wednesday, described the pastor's move to house arrest as "a welcome first step" but "not good enough."

Secretary of State Michael Pompeo also said Wednesday that the move to house arrest was insufficient. "We have seen no credible evidence against Mr. Brunson, and we call on Turkish authorities to resolve his case immediately in a transparent and fair manner," Pompeo said in a statement.

Trump had said last week on Twitter that Turkey's failure to release Brunson was a "total disgrace" and called on Erdogan to "do something to free this wonderful Christian husband & father."

Brunson's detention has come at a critical time in U.S.-Turkey relations. Erdogan has been infuriated by U.S. support for Kurdish rebels in Syria who he views as linked to domestic terror groups. And his decision to purchase a Russian missile system has raised questions about Turkey's role in the NATO alliance. Turkey has NATO's second-biggest military.

The missile system purchase and other tensions have also prompted some U.S. Lawmakers to call for a halt in sales of the F-35 jet to Turkey, even though several key parts of the fighter are made in Turkey. Defense Secretary Jim Mattis has opposed that effort, but the House-Senate conference report on the Pentagon's fiscal 2019 funding bill calls for sales to be delayed until a report on Turkey is completed by the Pentagon.

Turkey has also demanded the U.S. extradite Fethullah Gulen, a cleric and former Erdogan ally living in Pennsylvania, who the Turkish president blames for engineering the coup.

Trump and Erdogan, who last month won re-election in a vote that granted him broad new powers, were seen speaking at length during a gathering of NATO leaders in Brussels earlier this month.

— With assistance by Nick Wadhams, Margaret Talev, and Saleha Mohsin

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### Help Is On The Way, At Last, For Religious Minorities In Iraq (Morello, WP)

Thursday, July 26, 2018

<u>Washington Post</u>

By Carol Morello

The United States will soon begin its first directly funded rebuilding projects for Iraqi Christian and Yazidi communities devastated by Islamic State militants, a U.S. official said Thursday.

Plans are being finalized for 10 modest reconstruction projects for Christian communities in the Nineveh Plains and for Yazidi villages around Sinjar in northern Iraq, said Mark Green, administrator of the United States Agency for International Development.

The long-delayed projects will focus on small infrastructure jobs to help restore water and electrical service in towns populated by religious minorities that were targeted by the Islamic State, which has lost most of the territory it once held in Iraq and Syria.

"They're individual projects that create the context for which people, if they so choose, can return to those communities, or not leave those communities." he said.

The Trump administration is steering humanitarian aid funding in Iraq to Christian and other religious minorities, directing to them more than a third of the money allocated for "stabilization" projects aimed at rebuilding areas liberated from the Islamic State. Previously, the money went through the U.N. Development Program.

The switch was heavily promoted by Vice President Pence, who has strong ties to Christian advocacy groups that argued that the UNDP was not doing enough to aid religious minorities on the verge of extinction from a region they have been rooted in for two millennia.

Last October, in a speech at a summit for the organization In Defense of Christians, Pence vowed that the administration would make a strategic shift away from funding "ineffective" U.N. programs and start sending aid directly to persecuted communities through USAID and faith-based partners.

Since then, the United States has redeployed \$118 million in humanitarian and stabilization funds. Pence's dissatisfaction with what he considered the slow pace at which USAID was moving precipitated a shake-up in the agency's Iraq office, and a trip to Iraq by Green and other senior officials from the State Department and White House.

On Thursday, Secretary of State Mike Pompeo announced an additional \$17 million for cleaning land mines in the Nineveh region of Iraq, which he pointedly noted would go to areas "with large populations of religious minorities who were subject to ISIS genocide," using a common acronym for the Islamic State.

The U.S. aid to religious minorities in Iraq was one of the centerpieces of a three-day conference held at the State Department this week to promote religious freedom. It attracted delegations from more than 80 countries, though many were led by ambassadors and other officials from embassies located in Washington. Pompeo said he will hold the event again next year.

Pence, who also addressed the crowd, said the administration will expand its efforts to help threatened religious communities.

He announced the establishment of a Genocide and Recovery Response Program to direct money to individuals

and households that are trying to reestablish themselves after suffering atrocities. Although details are still being worked out, it has an initial planned budget of \$10 million. It will first focus on Iraq but eventually expand to other countries.

According to a USAID official, the agency will allow genocide survivors to get medical care, replace damaged property and reestablish livelihoods through small businesses and farms.

No laws bar U.S. government agencies from funding religious groups.

Green said the aid for Iraq will not be used to rebuild churches or as donations to any sect, though faith-based organizations are among the groups that will be partners in the projects it funds.

"We are instead helping to restore geographic communities, as opposed to sectarian communities, which have been disproportionately hit, and also feel distant from recovery that's taking place out of Baghdad," he said. "These are communities that are caught between the Kurdish areas, and the more economically powerful areas emanating from Baghdad."

Frank Wolf, a former Republican congressman from Virginia, applauded the administration's efforts to provide aid to smaller communities as opposed to reconstruction in more populated areas that are the focus of UNDP projects.

"You go into villages that don't have K Street lobbyists to fill out their application forms," said Wolf, who traveled to Iraq last month with Green. "Their homes are destroyed. Their churches are destroyed. What the administration is doing for Christians, Yazidis and other religious minorities is very, very important."

Many Iraqis say that although the UNDP has met their survival needs, they need help moving on.

"The U.N. gave us very small things like blankets and food," said Mor Nicodemus, the archbishop of Mosul's Syriac Orthodox Church. "But they cannot rebuild our lives."

Some Yazidis fear they will be shortchanged from an administration that counts Christians among its staunchest supporters.

Abid Shamden, an Iraqi Yazidi who attended the religious conference at the State Department, said Yazidi communities are still difficult to reach because of land mines in the area. With both Kurdish and Iraqi government checkpoints, a two-hour trip to Mosul can take seven or eight hours, he said.

"If the United States spends money for minorities, it will be easier to spend it in Christian areas," said Shamden, who visited Sinjar less than two weeks ago.

"All we ask is to rebuild our towns," he added.

Green, who did not travel to Sinjar for security reasons but met with Yazidis in Christian areas, said he urged Kurdish and Iraqi leaders to ease up on the checkpoints along the roads from Sinjar. And he promised they will get a share of reconstruction aid that will allow returning Yazidis to earn a livelihood and educate their children.

"It's a land of pain," he said of Iraq. "It's very clear what the Yazidi have gone through is as disturbing as I can describe, and is ongoing. They have families that have been broken up and disappeared, as well as murder, rape and torture. We have and will continue to provide humanitarian assistance. And, as we have resources, we will continue to try to invest in projects that create this development context in which communities can be restored to some semblance of recovery."

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#### Despite Egypt's Dismal Human Rights Record, U.S. Restores Military Aid (Record, Aid, NYT)

Friday, July 27, 2018

**New York Times** 

By Despite Egypt's Dismal Human Rights Record, U.S. Restores Military Aid

CAIRO — Egypt's jail population has swelled. New prisoners include a Lebanese tourist who complained about Egypt on Facebook; a democracy activist who spoke out about sexual harassment; and a visiting grad student from an American university who was arrested as he researched the judiciary.

In Sinai, human rights activists say the army has demolished the houses of 3,000 families as part of operations against the Islamic State.

The State Department's take on Egypt's human rights progress? A thumbs up.

This week, Secretary of State Mike Pompeo lifted restrictions on \$195 million in military aid that was frozen last year to protest Egypt's dire human rights record and its relationship with North Korea, a State Department official said. The aid had been reinstated in response to steps taken by Egypt on specific U.S. concerns, the official said, without specifying what they were.

Human rights groups slammed Mr. Pompeo's decision, saying he had squandered valuable leverage over President Abdel Fattah el-Sisi at a time when his human rights record seems to be only getting worse.

"Repression is breeding resentment, and in some cases radicalization," said Brian Dooley of Human Rights First, an American advocacy group. "That will ultimately further destabilize Egypt and undermine American interests."

American officials say they withheld the \$195 million in aid to press Egypt over a narrow set of issues. The Trump administration wants Mr. Sisi to overturn the 2013 conviction of 43 employees of international groups that promote democracy, including 17 American citizens.

And it wants Mr. Sisi to rescind a draconian law regulating aid agencies that he signed last year, which could make it virtually impossible for many international aid groups to work in Egypt.

But those demands were made in private, and experts said it was unclear how much the Egyptians had conceded. It seems probable that Mr. Sisi will seize on the resumption of aid as a validation of his actions so far, and perhaps will feel emboldened to step up his repression.

"It's highly debatable whether Egypt has fully met any one of those conditions," said Andrew Miller of the Project on Middle East Democracy. "But the Egyptians will present this decision as an American blessing of their policies."

The aid decision reflects the new tenor of American foreign policy under Mr. Pompeo and the national security adviser, John R. Bolton, who have shown a willingness to trade American leadership on human rights for an embrace of friendly autocrats like Mr. Sisi who share their hostility toward political Islam.

Mr. Sisi has long enjoyed a warm relationship with President Trump, who hailed the Egyptian leader as a "fantastic guy" and even publicly complimented his taste in shoes. But the Egyptian leader had a tougher time from the previous secretary of state, Rex W. Tillerson, who last August denied Egypt \$96 million in aid and suspended \$195 million.

Egyptian officials were shocked at the rebuke from the United States, which over the past 40 years has given Egypt \$47 billion in military aid and \$24 billion in economic assistance. Mr. Tillerson was said to be angry that Mr. Sisi had broken a private promise, made in Washington, that he would not sign the harsh law on aid agency regulations. In May 2017, Mr. Sisi went ahead and enacted the law anyway.

Mr. Tillerson also sought to press Egypt over its relationship with North Korea, which operates a large embassy in Cairo that it uses to carry out illicit arms sales across the Middle East, according to United Nations inspectors.

Mr. Sisi's government has partly addressed some American concerns. A retrial of the case involving the 43 foreign aid workers, many of whom were convicted in absentia, is scheduled to start this year. Egyptian media reports say that Mr. Sisi has forced North Korea to cut the number of diplomats stationed at its embassy in Cairo.

But such restrictions can be easily circumvented through the use of accounting measures, like counting diplomats as spouses, said Mr. Miller, the analyst, who worked on Egypt at the State Department until last year. "If past is prologue, we will see that as soon as the U.S. looks the other way, the Egyptians will start up their relationship with North Korea again." he said.

On most other fronts, things have gotten markedly worse in Egypt. Since Mr. Sisi's re-election in May, after a carefully managed vote, the president has redoubled his efforts to lock up even relatively mild critics.

Sami Anan, a former army chief who was thrown in jail when he dared to stand against Mr. Sisi for election in April, recently suffered a stroke that has incapacitated him, a close relative said in an interview.

His military captors denied requests for emergency surgery abroad, the relative said.

Shady el-Ghazaly Harb, a surgeon and activist who was imprisoned in May for critical comments he made against Mr. Sisi on social media, is being held in solitary confinement, his wife, Fatma Mourad, said in an interview. "Shady thinks that Sisi wants to punish him," she said.

Even tourists are not safe. This month a Lebanese woman, Mona el-Mazbouh, was arrested after releasing a 10-minute video in which she complained, in lurid terms, about being sexually harassed on the streets of Cairo. A court convicted her of spreading rumors and sentenced her to eight years in prison. An appeal is scheduled to be heard on July 29.

Critics say Egypt squanders much of the military aid it receives, splurging on expensive tanks and warplanes rather than on less glamorous, but more useful, counterinsurgency training for its army.

But others argue that full American engagement is essential to help Mr. Sisi combat the Islamist extremists based in Sinai who carried out numerous bombings of churches and mosques across Egypt last year.

"Egypt cannot be simply ignored by the United States," Samuel Tadros of the Hudson Institute's Center for Religious Freedom said at a congressional hearing this week.

"Abandonment is not a strategy nor will imaginary solutions of cutting U.S. aid result in Egypt's transformation into a liberal democracy," Mr. Tadros said.

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Pence Unleashes On North Korean Abuses: 'Much Worse' Than China (Richardson, WT)

Thursday, July 26, 2018 Washington Times

#### By Bradford Richardson

There's no love lost between Vice President Mike Pence and North Korea.

Months after the communist regime denounced the vice president as a "political dummy," Mr. Pence shot back with blistering criticisms Thursday to close out the State Department's inaugural Ministerial to Advance Religious Freedom.

The vice president said the ongoing denuclearization negotiations should not overshadow North Korea's brutality toward its own people.

"While we all hope that relations between the United States and North Korea continue to improve, and we certainly hope that the threat posed by North Korea's nuclear and ballistic weapons program can be eliminated, there is no escaping the plain fact that North Korea's leadership has exacted unparalleled privation and cruelty upon its people for decades," he said.

The three-day religious freedom summit was convened by the State Department to highlight concrete ways that the international community can preempt religious persecution around the world.

More than 80 countries sent delegations to the ministerial, representing a diverse array of faith groups including Buddhists, Christians, Jews and Muslims.

North Korea wasn't the only human rights abuser on the vice president's hit list.

Mr. Pence said the Nicaraguan government is "virtually waging war on the Catholic Church"; Christians and other religious minorities are "routinely fined, flogged, arrested, assaulted, and even killed" in Iran; and the Russians have "arrested and imprisoned" scores of Jehovah's Witnesses, essentially banning the group's adherents from practicing their faith.

The vice president also took Turkey to task for continuing to detain an American pastor who was caught up in the crackdown following the failed 2016 coup attempt. Mr. Pence said the Trump administration will impose economic sanctions on Turkey until Andrew Brunson is set free.

"And to President Erdogan and the Turkish government, I have a message on behalf of the President of the United States of America: Release Pastor Andrew Brunson now, or be prepared to face the consequences," Mr. Pence said. "If Turkey does not take immediate action to free this innocent man of faith and send him home to America, the United States will impose significant sanctions on Turkey until Pastor Andrew Brunson is free."

The vice president also had strong words for the Chinese government, pointing to Beijing's policy of sending Uyghur Muslims and other religious dissidents to "re-education camps, where they're forced to endure around-the-clock political indoctrination and to denounce their religious beliefs and cultural identity."

Yet for all of China's abuses, Mr. Pence said "their neighbor in North Korea is much worse." He went so far as to say that the persecution of Christians north of the DMZ has "no rival on the Earth."

"It is unforgiving, systematic, unyielding and often fatal," Mr. Pence said. "The mere possession of a Christian Bible is a capital offense. And those identified by the regime as Christians are regularly executed or condemned with their families to North Korea's gulags."

The vice president also accused the regime of using "torture, mass starvation, public executions, murders and even forced abortions" to maintain its grip on power. He said as many as 130,000 North Koreans are currently serving life sentences in "unimaginably brutal slave labor camps."

Mr. Pence's remarks come one day after the Senate Foreign Relations Committee grilled Secretary of State Mike Pompeo about the Trump administration's foreign policy.

At the hearing, Sen. Edward Markey, Massachusetts Democrat, said he feared the United States was being "taken for a ride" by North Korean leader Kim Jong Un in the denuclearization negotiations.

In his remarks Thursday at the ministerial, Mr. Pompeo said the religious freedom summit "truly reflects President Trump's ironclad commitment to protecting this important liberty" around the world.

"Millions of people of all faiths are suffering every day," he said. "But the Trump administration will not be silent. As part of that, the State Department will continue the good work it has already done for many years to ensure religious freedom."

Mr. Pompeo announced several steps that the State Department is taking right now to alleviate the suffering of persecuted faith groups.

The State Department will provide an additional \$17 million in funding toward clearing landmines in the Ninevah region in Iraq, an area historically home to religious minorities.

Mr. Pompeo said the agency will release Thursday two documents, the Potomac Declaration and the Potomac Plan of Action, reasserting America's "unwavering commitment to promoting and defending religious freedom." Statements addressing human rights abuses in Burma, China and Iran will also be forthcoming, he said.

And the State Department plans to hold another religious freedom summit next year, Mr. Pompeo said, as well as regional follow-up conferences around the world to build on the ministerial's progress.

"The United States advances religious freedom in our foreign policy because it is not exclusively an American right," Mr. Pompeo said. "It is a God-given universal right bestowed on all of mankind."

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#### **EDITORIALS & OP-EDS**

#### The Trump Two-step Strikes Again (Zakaria, WP)

Thursday, July 26, 2018 Washington Post By Fareed Zakaria

Listen closely. That sound you heard at Wednesday's joint news conference between the presidents of the European Commission and the United States was Donald Trump backtracking once again. This has become a familiar routine. It goes something like this: Begin by hurling insults at the other side, some of which have a basis in reality but are mostly wild exaggerations. Threaten extreme consequences. Then meet with the other side, backpedal and triumphantly announce that you have saved the world from a crisis that your rhetoric and actions caused in the first place. Call it the Trump two-step.

Think about Trump's actions with regard to North Korea. He began by calling Kim Jong Un "a madman who doesn't mind starving or killing his people" and threatening "fire and fury . . . the likes of which this world has never seen before." He solved his own crisis by making unilateral concessions to Kim and gushing about how the North Korean people "love" their absolute dictator and how he, Trump, trusts him. The same pattern applies with the European Union, which he only recently described as "worse than our enemies." Now, he tells us, after meeting with European Commission President Jean-Claude Juncker, that the E.U. and America truly "love each other." Expect to hear a similar climb-down on China one of these days.

For Trump, there is no cost to this strategy, because his words are weightless. He starts with what he described in "The Art of the Deal" as "truthful hyperbole" (as opposed to the many outright falsehoods that he also tells) and then, when confronted, adjusts to something closer to reality.

There are those who assert that Trump's seemingly bizarre and unpredictable behavior is actually all part of a canny and wise strategy, that he is playing a kind of four-dimensional

chess, operating in space-time. Well, if so, he is getting beaten badly here on Earth. In none of these situations has he actually been able to extract real concessions. His usual approach is to announce something vague, as with North Korea and the trade talks with Europe, or something already in place, such as NATO members' promise to spend 2 percent of their gross domestic product on defense by 2024, and claim it as a victory.

But there is a cost to this bluster and flip-flopping. Trump is creating a reputation for the United States as erratic, unpredictable, unreliable and fundamentally hostile to the global order. Leader after leader in Europe has made this clear. George Osborne told me that when he was Britain's finance minister, you knew "the United States president had your back." Neither Britain nor any other country can be sure of this anymore. As Donald Tusk, president of the European Council, put it, "With friends like that who needs enemies[?] . . We [realize] that if you need a helping hand, you will find one at the end of your arm."

Economist Adam S. Posen argues that countries are now bypassing the United States and constructing a "post-American world economy." You can see this in the flurry of trade agreements that don't include the United States, from the Trans-Pacific Partnership, which was signed minus America, to the trade deal the E.U. just struck with Japan. Many others are in the works.

The most dramatic indication of the world sidestepping the United States, Posen says, is the decline in foreign investment. "It's fallen off a cliff," he told me. On average, net foreign investment into the United States has dropped by half since 2016. "The decline is all the more worrying," Posen writes in Foreign Affairs, "since many factors should have been pushing direct investment in the United States up this year. The massive fiscal stimulus passed by Congress should have increased [foreign investment] in three ways: by boosting spending, which increases U.S. growth prospects; by making the tax code more favorable to production in the United States; and by cutting the corporate tax rate."

Perhaps some of the decline in investment is part of a longer-term trend — other countries are growing faster than the United States. But for decades, that reality has been countered by another reality — that among the world's rich nations, the United States was unique in having good growth prospects coupled with stable, predictable, pro-market policies. Trump's attacks on trade and allies, his willingness to punish and reward individual companies, and his general unreliability all add up to a picture of policymaking that looks more like that of an erratic developing country run by a strongman. The difference is, America's strongman has the power to disrupt the entire global economy.

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### The Big Lesson From Trump's Truce On Trade? Pushback Works. (WP)

Thursday, July 26, 2018 Washington Post

Here is the lesson of President Trump's sudden decision Wednesday to call a truce in his trade war with the European Union: Pushback works.

As recently as Tuesday, Mr. Trump seemed committed to escalating the tariff war he started with Europe on June 1 by implementing steel and aluminum tariffs on that 28-nation confederation. The E.U. retaliated on June 22 with levies on iconic U.S. goods such as bourbon and Harley-Davidson motorcycles — and Mr. Trump raised the ante by threatening a 25 percent tariff on European auto imports. All the while, he pursued tariffs against other trading partners such as Canada, China and Mexico, which were striking back against U.S. agricultural and industrial goods produced in heartland states where Republican senators and members of Congress face difficult midterm elections. It did not help Mr. Trump's cause that U.S.-based auto manufacturers who would purportedly benefit from tariff protection did not want it — and said so loud and clear. The administration's proposal to hand farm country a \$12 billion trade-war bailout also fell flat, with Republican senators chorusing their opposition.

With U.S. industry, U.S. agriculture, long-standing European trading partners and members of his own party all telling Mr. Trump to cool it, he did something he rarely does — listen. The "deal" the president trumpeted on Wednesday in the company of European Commission President Jean-Claude Juncker was his face-saving off-ramp. It amounts to little more than a mutual promise to talk about reducing trade barriers on both sides of the Atlantic, and to impose no new ones in the meantime. Tariffs on industrial goods other than autos would be targeted for elimination. Europe embellished it with a pledge to buy more American soybeans, thus offsetting China's tariffs on that product, and to import more U.S. natural gas in the distant future. Considering that the negotiating agenda Mr. Trump and Mr. Juncker sketched resembles the Transatlantic Trade and Investment Partnership that President Barack Obama tried to launch with Europe, you could almost say that all Mr. Trump has to show for his trade war with the European "foe" is a return to his predecessor's policy, plus some beans.

Still, this is a positive development, because a negotiated mutual opening of markets would benefit the U.S. economy, if indeed Mr. Trump's team can make it happen; because it avoids a worsening of global tensions; and, last but not least, because Mr. Trump did, however reluctantly, resist his worst

instincts. We hope that some of the new pragmatism infuses talks on salvaging the free-trade agreement with Canada and Mexico.

Caveats apply: On May 20, Treasury Secretary Steven Mnuchin put a trade war with China "on hold," only to have the president resume it less than two weeks later. The same thing could happen with Europe. Also, before his deal with the E.U., Mr. Trump badly and possibly lastingly damaged international trade norms, especially by putting "national security" in play as a rationale for ordinary protectionism. This points to the lingering structural problem in U.S. trade policy: Congress's delegation of too much easily abused tariff-raising power to the president. Republican pushback will really have meaning when it produces legislation to take away some of the president's discretion in such matters.

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### Trump Is Using Tariffs To Advance A Radical Free-trade Agenda (Thiessen, WP)

Thursday, July 26, 2018

Washington Post

By Marc A. Thiessen

Give President Trump credit. When he chastised NATO allies over their failure to spend adequately on our common defense, his critics said he was endangering the Atlantic alliance. Instead, his tough stance persuaded allies to spend billions more on defense, strengthening NATO instead.

Now, Trump is doing the same on trade. At the Group of Seven summit in Quebec, Trump was roundly criticized for publicly berating allies over their trade practices and provoking a needless trade war. Well, once again, it appears Trump is being proved right. On Wednesday, he and European Commission President Jean-Claude Juncker announced a cease-fire in their trade war and promised to seek the complete elimination of most trade barriers between the United States and the European Union. "We agreed today . . . to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods," declared the two leaders in a joint statement.

Zero tariffs. Wednesday's breakthrough with the European Union shows that, contrary to what his critics allege, Trump is not a protectionist; rather, he is using tariffs as a tool to advance a radical free-trade agenda.

In a little-noticed interview with Fox News's Maria Bartiromo earlier this month, Trump revealed that during the G-7 summit he made a sweeping proposal. "I said, 'I have an idea, everybody. I'll guarantee you we'll do it immediately. Nobody pay any more tax, everybody take down your barriers. No barriers, no tax. Everybody, are you all set?" . . . You know what happened? Everybody said, 'Uh, can we get onto

another subject?' "Trump offered to eliminate all trade barriers — and his supposedly pro-free-trade allies passed. Right before his meeting with Juncker this week, he repeated the offer, tweeting, "The European Union is coming to Washington tomorrow to negotiate a deal on Trade. I have an idea for them. Both the U.S. and the E.U. drop all Tariffs, Barriers and Subsidies!"

Trump knows that most of our trading partners don't really want free trade; they want managed trade, where they can get access to U.S. markets while protecting certain industries from U.S. competition. Trump's strategy to get them to drop these protectionist barriers is to impose crushing tariffs. At a rally earlier this week, Trump explained his strategy for getting to zero tariffs. "You know, other countries have tariffs on us. So, when I say, 'Well, I'm going to put tariffs on them,' they all start screaming, 'He's using tariffs,' "Trump said. "I said [to the European Union], 'You have to change.' They didn't want to change. I said, 'Okay. Good. We're going to tariff your cars.' . . . They said, 'When can we show up? When can we be there?' [Laughter.] 'Would tomorrow be okay?' Oh, folks, stick with us. Stick with us."

Now Trump's hard-line trade strategy is being vindicated. Not only is the E.U. negotiating zero tariffs, but also it agreed to immediately buy more American soybeans — which helps Trump in his trade battle with China. After Trump imposed tariffs on \$34 billion worth of Chinese goods, China responded with retaliatory tariffs on U.S. products, including soybeans. Beijing knows that China is the single largest importer of U.S. soybeans, and that about 96 percent of U.S. soybeans are grown in 18 states — all but two of which voted for Trump in 2016. Their tariffs left soybean farmers none too happy with Trump and gave a political boost to vulnerable Senate Democrats in soy-producing farm states such as Heidi Heitkamp (N.D.), Joe Donnelly (Ind.) and Claire McCaskill (Mo.).

Now, Trump has enlisted the European Union to help U.S. soybean farmers to counteract the repercussions of Chinese tariffs, in addition to the \$12 billion in aid he has promised for U.S. farmers. That's three-dimensional trade chess.

Earlier this week, Trump tweeted, "Tariffs are the greatest! Either a country which has treated the United States unfairly on Trade negotiates a fair deal, or it gets hit with Tariffs. It's as simple as that." Well, maybe it is and maybe it isn't. Trump is a long way from a final deal. And in trade, nothing is agreed to until everything is agreed to. But this is a surprisingly positive first step. If Trump succeeds in using trade wars to bring down European and Chinese trade barriers, he may end up being one of the greatest free-trade presidents in history.

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# Trump Has No Idea What His Tariffs Have Unleashed For Farmers (Leonard, NYT)

Thursday, July 26, 2018 New York Times By Robert Leonard

Mr. Leonard is the news director for the radio stations KNIA and KRLS.

KNOXVILLE, Iowa — Today President Trump is visiting Dubuque, Iowa, where every year at harvest time, millions of tons of grain come via rail and truck to be loaded onto barges on the Mississippi River and shipped to Mexico, China and much of the rest of the world. Harvest puts coin into the hands of farmers, and they and their communities — indeed all of America — profit. Not this year.

The president is here to trumpet a \$12 billion plan to aid American farmers. Why do they need aid? For lowans, it's because 33 percent of our economy is tied, directly or indirectly, to agriculture, and Mr. Trump recklessly opened trade wars that will hit "Trump country" — rural America — hardest and that have already brought an avalanche of losses. Indeed, the impact of his tariffs will probably be felt by family farms and the area for generations.

So perhaps visiting Dubuque is the least he could do.

The cost of being shut out of overseas markets for soybeans, beef, pork, chicken and more will be in the billions. Once those markets are gone, they will be difficult to recover. Commodity prices continue to drop, and good weather suggests an excellent crop is in the making, which will drive prices further down.

Brazil is ready to step in with increased soybean production, and China has already shifted its purchasing power there.

But the fallout will not just be tallied in statistics. In farm country, U.S.A., the Trump tariffs have poured gas on what has been a slow-burning conflagration.

Rural America is about to undergo a major demographic shift. President Trump didn't start it, but he has accelerated a crisis that might have taken a generation or two to play out. Now it might take only a few years.

Rural America is going to be hollowed out very quickly. Farms will become consolidated, and towns that are already in trouble will certainly die.

lowa's farmers are aging, and younger farmers aren't replacing them proportionately. Sixty percent of lowa farmland is owned by people 65 years or older, and 35 percent of farmland is owned by people 75 or older.

The Department of Agriculture conducts a Census of Agriculture every five years. The 2017 census isn't available

yet, but the 2012 census shows the average age of the American farmer was 58.3 years. This isn't because young people in rural America don't want to farm; it's because, if it isn't already the family business, the costs are much too high to allow many of them to get into it.

A friend, a small-town lowa banker who specializes in working with farmers, offered a local example. It's time for Mom and Dad to retire, get off the farm and move to town. Much of the time, if no heir is interested in continuing the operation, the farm is auctioned to the highest bidder.

This time, one son wanted to take over the farm. But there were other children entitled to their share, so the farm went up for auction.

But now they had to compete with larger farm operations. The son "did the best he could," said my friend, but a big operation "bid it up more than it was worth, some guy from out of town no one knew — probably from one of the big operations up north. The kid didn't have a chance. It was heartbreaking."

I use lowa in my examples, but much of rural America will be affected in a similar way. In the worst possible outcome of this scenario, losses and farm consolidation accelerated by Mr. Trump's tariffs will make the devastating 1980s farm crisis look like a bump in the road as it drives a significant rural-to-city migration.

Smaller operations don't have the capital to weather a trade war and will be forced to sell, most likely to larger operations.

In my community, I learned this week that a hog operation I drive by every day is folding. The confinements are being dismantled, and anything portable can be found on Craigslist. A friend close to the family told me pork prices have been down for years, and with the tariffs it's just not worth it anymore.

Another casualty: our community banks. As farms get larger, farm loans are less likely to be local. A big operation with farms in dozens of counties that maybe even cross state lines probably won't use local banks for credit.

When our community banks are gone, one of the major economic engines of our small towns will be gone.

At a certain point, populations won't be enough to support rural hospitals and clinics, and they, too, will be gone. Rural hospitals are one of the major employers in the community. Even if you have a good manufacturing company in town, if you lose the hospital, they won't be able to attract the employees they need.

Those plants may be forced to leave as well — especially since the tariffs have hit them hard also. One friend who has a small manufacturing business says his costs have doubled

since Mr. Trump announced tariffs on aluminum and steel, and that his business is down 40 percent.

Some of the farmers I speak with are unwavering in support of the president; they'd vote Republican even if Mr. Trump personally slapped the heck out of the preacher at the church potluck. But others are starting to recognize how the economic impact of the tariffs is hitting them personally. Iowa's congressional delegation, all Republican with the exception of Democrat Dave Loebsack in Iowa's Second Congressional District, have warned the administration. So has Iowa's Republican governor, Kim Reynolds.

This is why, earlier this summer, Vice President Mike Pence came to the Midwest for a reassuring visit and why Sonny Perdue, Mr. Trump's secretary of agriculture, offered his \$12 billion band-aid of a handout Tuesday.

And it's why President Trump is here now, crowing of those billions. What farmers really want are the markets restored.

Farmers take out lines of credit in the spring — usually due the following Jan. 1 — to pay for seed and other input costs, and then pay the loans back after harvest. Like any other loan, there are consequences to not paying, including losing the farm. Farmers are going to know before the midterm elections if they are going to be able to pay back loans.

The larger farm operations and the larger agribusinesses will be hovering, looking for any weakness, and ready to purchase smaller farms. And rest assured, when the Trump payments are made to farmers, the larger operations will be the ones that gobble them up.

Mr. Perdue, and likely President Trump, know the \$12 billion won't make a difference, even in the short term. Farmers and others in the industry know the offer is meaningless. But most rural Republicans aren't farmers, and many are Fox News devotees. So when they turn on Tucker Carlson or Sean Hannity, the hosts will likely extol the "virtues" of Mr. Trump's farm policies and tariffs rather than the reality of their failures.

The most poignant evidence of the depopulation of rural lowa over the last three-quarters of a century is the lily. Drive any highway or rock road in the state about this time of year and you will see that about every half-mile, the ditches are full of beautiful orange lilies.

Behind the lilies are hundred-acre fields of corn or beans, and if you park your car and wander the field behind the lilies, you will invariably find nails, broken crockery and remnants of life where a farmhouse once stood. The lilies are all that's left of the dreams of the optimistic family that planted the lilies and made a farm and a life on the land generations ago, only to see it lost.

The destruction of a way of life cuts as deep now as it did back then, especially when it comes from this president. The only thing he knows about food is that it always comes served to him on a silver, or maybe gold, platter.

Robert Leonard (@RobertLeonard) is the news director for the radio stations KNIA and KRLS.

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#### Donald Trump Is Solving His Tariff Problems The Only Way He Knows How: Paying Them Off (Brandus, USAT)

Thursday, July 26, 2018 <u>USA Today</u> By Paul Brandus

Let's get right to the point. With his proposed \$12 billion bailout of America's farmers, Donald Trump is doing to them what he did to porn star "Stormy Daniels." The only difference: A lot more people are being paid off, and it is being done with our tax dollars.

But wait: There's more. Since even the White House now admits that the federal deficit is growing much faster than expected — it'll hit a cool \$1 trillion next year — we'll have to borrow even more from foreigners, and that's likely to include China. So to square the circle here: Trump hits China with tariffs. The Chinese hit back. Our farmers get hurt. Trump proposes to pay off the farmers with money ... borrowed from China.

Our annual deficits are piling up so fast, the national debt itself could hit \$33 trillion in fiscal year 2028 — which begins in just nine years. Now Trump wants to add more in the form of bailouts for a bad policy? This is hardly, as he likes to describe himself, the work of a "stable genius." America isn't saving as much as it's spending

Trump keeps saying America can't be the world's piggy bank. My question is this: How can a country that has to borrow \$1 trillion a year (about \$1.9 million every minute of every hour of every day) from foreigners be the piggy bank? These Republican Tea Party/deficit hawks who seized control of Congress nearly a decade ago have done a heckuva job in restoring the fiscal discipline they promised, haven't they?

But I digress. As Trump's tariff war intensifies, who else could be bailed out with Chinese money? How about the thousands of American employees of Whirlpool?

When Trump announced tariffs on imported washing machines back in January, CEO Marc Bitzer told analysts, "This is, without any doubt, a positive catalyst for Whirlpool."

Oops.

The reality of higher tariffs on steel and aluminum has caught up with the appliance manufacturer. In a conference call with investment analysts Tuesday, Bitzer said steel prices are now 60% higher in America than the rest of the world. You know what happens to those higher costs? They're passed on to you. Think of all the things made of steel and aluminum: cars, soda cans, razor blades, cans of tuna fish ... the list is endless. That's how it works, folks: Trump rolls out tariffs — and eventually, you're stuck with the bill.Americans, not Trump, will pay for tariffs

You'll likely pay for Trump's tariffs in another way as well, in the form of a pinched 401(k) or IRA account. For example, the stock price of Alcoa, the aluminum giant, has collapsed about a third since April. Why should you care? Because chances are pretty good that the investment company managing your money owns millions of shares. Two of Alcoa's biggest owners, for example, include assetmanagement giants Vanguard and the American Funds.

Again, that's just one company. Whirlpool's down about 20% since Friday alone, and since peaking in January, both the S&P 500 and Dow Jones industrial average have declined, with the Dow off more than 5%.

If you're a Trump supporter, here's an honest question: Does 1) paying more for stuff while 2) taking an investment hit sound like winning?

In a Kansas City speech Tuesday, Trump pointed to the TV cameras and told his audience at a convention of the Veterans of Foreign Wars: "Don't believe the crap you see from these people." His supporters can call it "fake news" if they wish, but here on planet Earth, the reality is increasingly evident.

Just to show you how badly the president and his advisers have miscalculated here, Trump's hard-line trade chief Peter Navarro said, "I don't believe any country is going to retaliate for the simple reason that we are the most lucrative and biggest market in the world."

And Trump himself promised you that "trade wars are good, and easy to win."

How's all that working out?

Paul Brandus, founder and White House bureau chief of West Wing Reports, is the author of "Under This Roof: The White House and the Presidency" and a member of USA TODAY's Board of Contributors.

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President Trump Should Stop His Trade War Before It Hurts Our Economy (Norquist, Sepp, Brandon, Chapman, McIntosh, Phillips, USAT)

#### Thursday, July 26, 2018 USA Today

By Grover Norquist, Pete Sepp, Adam Brandon, Tim Chapman, David McIntosh And Tim Phillips

Last year's Tax Cuts and Jobs Act was a huge victory for the U.S., and we applaud the Trump administration for this historic achievement. It has already begun to spur economic growth and help our entrepreneurs create new jobs. Likewise, efforts to pare back unnecessary, burdensome regulations have been a boon to American innovation and growth. Our organizations are proud to have worked alongside President Trump and his administration on these important pro-growth economic reforms, and we look forward to continuing this partnership going forward.

It is out of this mutual dedication to improving the future of America's economy that we are now deeply concerned about the administration's approach to trade and international commerce. We support negotiations to reduce foreign barriers, while at the same time keeping in mind that U.S. government-imposed restrictions act as a tax on American consumers, raise costs for our manufacturers and drive our jobs to other countries. As principled advocates for free markets, our organizations oppose tariffs, quotas and other impediments to the free flow of goods and services. Trade war hurts American businesses

We strongly support efforts to open up international markets to U.S. products, encourage other nations to reform their state-owned enterprises and urge our partners to reduce tariffs as much as possible. Nonetheless, the threat of tariffs or use of similar tactics should never carry with them the long-term intentional goal of reduced trade with our allies. Similarly, we oppose the use of trade policy to protect specific industries or companies at the expense of the larger economy. After all, it is American citizens and businesses who would ultimately pay the high costs caused by limitations on trade.

Like the president, we believe that increasing economic growth in America is of paramount importance. The best way to continue our current economic expansion is through free market policies like low, competitive taxes, light-touch regulation and international commerce free of government-imposed restrictions. Our strong trading partnerships across the globe make not only the American economy healthier, but improve the economic condition of our allies and promote peace. Free trade is mutually beneficial

Likewise, we share in and applaud President Trump's commitment to the American worker. They too are best served by a growing economy and the mutual gains that come from free trade. Our hard-working farmers are highly dependent on having access to international markets. And

our manufacturing sector depends on the import of raw materials and intermediate goods. Businesses, workers and consumers all benefit from trade.

When it comes to reevaluating and renegotiating our trade pacts, we urge the president to expand international commerce and establish permanent deals that will allow businesses to make long-lasting investments in the American economy. The goal should be to tear down trade barriers, not erect new ones. The expansion of free trade yields mutual gains that benefit Americans and our trading partners.

We look forward to working with the Trump administration to expand free trade and continue our nation's long-standing commitment to this essential component of free-market economics. The growth and prosperity that will ensue would be yet another great achievement worthy of applause.

Grover Norquist is president of Americans for Tax Reform. Follow him on Twitter: @GroverNorquist. Pete Sepp is president of National Taxpayers Union. Adam Brandon is president of FreedomWorks. Follow him on Twitter: @adam\_brandon. Tim Chapman is the executive director of Heritage Action for America. Follow him on Twitter: @TimChapman. David McIntosh is the president of Club for Growth. Follow him on Twitter: @DavidMMcintosh. Tim Phillips is president of Americans for Prosperity. Follow him on Twitter: @TimPhillipsAFP.

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## Trump Bails Out Some, But Not All, The Victims Of His Trade War (LAT)

Thursday, July 26, 2018 Los Angeles Times

U.S. automakers breathed a bit easier Wednesday after President Trump and European Commission President Jean-Claude Juncker announced an agreement to shelve threatened U.S. tariffs on imported autos and retaliatory European tariffs on U.S. goods while the two sides negotiate lower trade barriers. And if the episode eventually produces a true free-trade agreement between Europe and the United States, it will be a win for businesses, workers and consumers on both sides of the Atlantic.

But it wouldn't validate the methods this president has been using to try to change our trading partners' practices. It's not just the bullying of U.S. allies and the blatant violations of existing trade deals that are troubling. It's his unilateral moves to launch, intensify and sustain these trade fights, picking winners and losers in the United States along the way, which betray a dangerously expansive and abusive view of executive power.

Consider the steps the administration has taken, free of congressional review or intervention, to try to reduce China's enormous trade surplus with the United States.

First, it imposed 25% tariffs on \$34 billion worth of Chinese industrial goods on July 6 as punishment for that country's "unreasonable or discriminatory" policies on technology and intellectual property. It has also teed up tariffs on an additional \$16 billion in Chinese goods to dampen China's ambition to dominate important new technologies. But those are just the appetizers: Trump has threatened to impose tariffs on every Chinese item that Americans import.

China responded by slapping tariffs on an equal amount of U.S. goods, particularly farm products. Canada, Mexico, the European Union and other trading partners hit with Trump tariffs have done the same, targeting with especial vehemence U.S. producers in states that supported Trump, such as Midwestern farmers and manufacturers.

With blowback rising in this country, the administration sought to ease the pain of the retaliatory tariffs by dipping into taxpayers' pockets, again with no review or approval by Congress. On Tuesday the U.S. Department of Agriculture announced it was borrowing \$12 billion from the Treasury to support some (but not all) of the farmers whose exports have stalled and prices have dropped in the face of Chinese tariffs. And just farmers — not, say, Mid-Continent Nail, the U.S. fastener manufacturer whose business has been racked by Trump's tariffs on imported steel. Even lawmakers who share Trump's "America First" view of trade should be outraged at the president using tax dollars to pick winners and losers.

As for Europe, it's worth remembering that the U.S. and the EU were negotiating a free-trade pact before Trump arrived and declared his distaste for multilateral deals. On Wednesday the negotiations seemed to be back on track with the same goals, albeit with far more drama. But trade relations with China and the rest of the world are still in turmoil. At some point soon, Congress needs to wake up and reclaim the authority it gave the White House over tariffs.

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### **Europeans Are Free Traders Now? That's Rich** (Baltzan, LAT)

Thursday, July 26, 2018 Los Angeles Times By Beth Baltzan

After President Trump met with European Commission President Jean-Claude Juncker on Wednesday, tensions between the two economic powerhouses abated, as the United States and the European Union announced an agreement to move forward on trade negotiations.

But all is not as it seems. The "deal," such as it is, is vintage EU: the agricultural sector is excluded, except for soybeans. This won't be good news for American farmers, who struggle to gain a foothold in a highly protected European market. The Obama administration refused to accept an agriculture carveout when negotiating a trade agreement with the Europeans.

Our friends across the pond have deftly taken advantage of President Trump's rejection of the global status quo to cast themselves as defenders of free trade. But actions speak louder than words. As recently as the G-7 summit in June, the United States floated the idea that the members of the G-7 simply eliminate all their tariffs. The self-proclaimed free trader nations, including those from the EU, were caught with their tail between their legs.

We need real reform at the WTO, not surgical agreements here and there.

German Chancellor Angela Merkel, for example, faltered, saying that eliminating tariffs would require intense negotiations and "take a long time." In truth, every WTO member could simply take its tariff commitments and change all the positive numbers to zero.

That certainly puts Wednesday's announcement in context.

As current and former U.S. trade negotiators, including me, know all too well, the EU and others are no more free traders than is Trump. The Europeans like to protect their markets — like agriculture — they just don't like it when U.S. leaders protect ours. To be clear, in the aftermath of World War II, the United States created this asymmetrical system: We slashed our tariffs more than our trading partners did. The Europeans could charge up to 6% on primary aluminum imports, whereas the United States, for the most part, capped itself at zero.

In that regard, Europe's outrage at the president's imposition of a 10% tariff on aluminum is a bit rich. The WTO expressly authorizes members to protect their essential security interests. Steel and aluminum fall in that realm; it was an open secret on Capitol Hill that the Obama administration shared that view and considered invoking the same provision.

In response to Trump's action, the EU manipulated the rules to reject the U.S. national security claim and imposed counter-tariffs, bypassing WTO dispute settlement.

How is dodging the very rules of a structured system a defense of that system? It is not.

Amidst all this cynicism, all is not lost. A true champion of the system may finally have emerged: Norway. The Norwegians have chosen to do what champions of the system are supposed to do — forgo the instant gratification of retaliation

and instead work through the dispute settlement system, however plodding it may be.

Some Europeans recognize the systemic imbalance. The political editor of the German newspaper Die Zeit acknowledged in a recent New York Times op-ed that "[the] Europeans have basically been free riders ... spending almost nothing on defense, and instead building vast social welfare systems at home and robust, well-protected export industries abroad. Rather than lash back at Mr. Trump, they would do better to ask how we got to this place, and how to get out."

The point about vast social welfare systems is one that Democrats must bear in mind. It is Democrats, not Republicans, who have a proud tradition of fighting for a social safety net for dispossessed workers so that job losses, due to trade or otherwise, don't have to destroy lives.

Democrats will not reclaim the Midwest, which decided the 2016 election by less than 100,000 votes, by rejecting Trump's willingness to disturb the global trading system, by welcoming half-measures such as the one the Europeans pitched Wednesday, or by buying into the notion that the Trans-Pacific Partnership is a magic bullet. Remember that Trump borrowed critiques of TPP from Midwest Democrats, such as Sherrod Brown and Sandy Levin, not Republicans such as Mike Pence and Paul Ryan, who embraced the deal.

Democrats have long known that trade theory and trade reality are two different things, and that our trading system needs reform. Even the WTO director-general commented that the systemic "shake-up" is positive in many ways and encouraged member nations to use this as an opportunity to improve the multilateral trading system.

But we can't be fooled by the kinds of deals we saw Wednesday. We need real reform at the WTO, not surgical agreements here and there. Trump's presidency is at least in part the product of exasperated workers who've been left behind by globalization. If that fundamental unfairness isn't addressed, he won't be the last president elected on a platform of blowing up the system.

Beth Baltzan is a recent U.S. WTO litigator in the Executive Office of the President of the United States. From 2012 to 2016, she served as Democratic House Ways and Means trade counsel.

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China Takes Its Political Censorship Global (Rogin, WP)

Thursday, July 26, 2018 Washington Post By Josh Rogin The United States lost an important early skirmish this week over whether American companies must comply with the Chinese government's political demands. But the greater conflict is just beginning, which means the Trump administration must now prepare to help U.S. corporations fight Chinese coercion in future rounds.

After months of behind-the-scenes discussion, the three major U.S. air carriers — United, American and Delta — all partially caved to Beijing's order that they change their websites to portray Taiwan as part of the People's Republic of China. After the government of Xi Jinping threatened severe punishment, the White House called the demands "Orwellian nonsense." Yet many international airlines folded quickly. The U.S. airlines eventually devised a compromise: They removed the word "Taiwan" from their websites but didn't agree to describe Taiwan as part of China.

The dispute was a test case for Beijing's effort to export political repression and the international community's ability to resist. The partial U.S. capitulation constitutes a win for Beijing. But it ought to prove a pyrrhic victory.

Why does it matter? The Chinese Communist Party has been steadily increasing pressure on foreign companies to do its political bidding inside China and around the world. China punished Marriott after an employee liked a tweet from a pro-Tibet group; Marriott apologized profusely and fired the employee. Mercedes-Benz also acquiesced after Beijing complained about an Instagram post that quoted the Dalai Lama.

The Xi regime claims that any public speech criticizing Communist Party propaganda is a grave offense to 1.3 billion Chinese people. Never mind that Twitter and Instagram are blocked in China: Beijing is trying to enforce its political censorship outside its borders and online. That can't be tolerated. The whole world cannot become a "safe space" for Chinese sensitivities.

By accommodating China's political demands, even partially, airlines are abetting a false depiction of U.S. policy on Taiwan and playing into China's game, said Samantha Hoffman, visiting fellow at the Mercator Institute for China Studies.

"The Chinese Communist Party intends to shape how people and entities are willing to talk about China and Taiwan," she said. "The more unclear Taiwan's status becomes, the more the party's goal is incrementally achieved."

The Chinese government is also trying to expand its domestic "social credit system" to apply to foreign firms. It's Beijing's way of shaping international norms according to its criteria, Hoffman explained in a report for the Australian Strategic Policy Institute.

"As businesses continue to comply, the acceptance of the CCP's claims will eventually become an automatic decision and hence a norm that interferes with the sovereignty of other nations." she wrote.

Quietly, U.S. airlines, their trade association and the administration heavily debated their response to the Taiwan edict. The administration attempted to raise the issue with the Xi government, but it refused to discuss it, two administration officials said. "They basically put their fingers in their ears," one said.

Several airline representatives privately told me the administration never offered any tangible protection, so they were obligated to defend shareholders' interests. Administration officials said the U.S. government wasn't prepared to escalate against Beijing, so they tacitly endorsed the compromise.

But the half-concession seems to have only emboldened Beijing. China's civil aviation authority called the U.S. airlines' actions incomplete and demanded total capitulation. Chinese officials are threatening to damage the airlines' business in China, in violation of international trade laws.

Publicly, the airlines said they were simply complying with the laws of countries in which they operate. That explanation would make sense if they changed their websites inside China only. United, which operates in Taiwan, is certainly violating Taiwan's laws. "Taiwan is Taiwan. It does not fall under the jurisdiction of China's government," the Taiwanese foreign ministry said in a statement.

The reality is American corporations can't be expected to be guided by purely moral considerations. And the U.S. government can't tell American companies what to do. That's an asymmetric advantage for Beijing.

So how can Western governments defend their private sectors from Chinese political pressure? That's the discussion Beijing has forced upon us. Governments should develop countermeasures that impose serious costs for coercive acts. Reciprocity for Chinese companies that want to operate abroad can be one tool.

There were some positive takeaways from this incident. The U.S. airlines and U.S. government eventually worked together. That's a model that other industries facing Chinese pressure can replicate. Beijing wants to divide and conquer. By uniting, setting clear principles and coordinating responses, foreign firms have greater power to fight back.

The Trump administration has properly called out China for its "Orwellian nonsense." Now we all must figure out how to prevent the world from succumbing to Beijing's Orwellian design.

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#### When Trump Talks, The World Listens. Should It? (NYT)

Secretary of State Pompeo leaves unclear whether the president's foreign policy pronouncements are actual policy.

Thursday, July 26, 2018 New York Times

The world expects the president to be America's foreign policy authority, and that what he says goes. Right?

Not so fast.

In a pattern that's familiar with this White House, what appear to be articulations of foreign policy by President Trump may not always be what they seem. That's the obvious conclusion to be drawn from Secretary of State Mike Pompeo's testimony on Wednesday before the Senate Foreign Relations Committee.

Mr. Trump has repeatedly expressed doubt about Moscow's election meddling, has failed to order any defense against future election hacking, has suggested Crimea should be a part of Russia, has impugned NATO and has ingratiated himself with President Vladimir Putin of Russia.

Mr. Pompeo, however, combatively insisted to the senators that Mr. Trump is "well aware" of the challenges that Russia poses, including its interference in American elections. He said strenuously that the United States is opposed to Russia's illegal annexation of Crimea, and that it considers NATO an "indispensable pillar of American national security."

A top Russian official said that at their meeting in Helsinki, Finland, Mr. Trump and Mr. Putin discussed a possible referendum to determine eastern Ukraine's future. A spokesman for the National Security Council later rejected such a referendum as having "no legitimacy."

Even actions that seem to be clear and direct may not be. This administration in recent months agreed to stiffer sanctions against Russia, even if it was only after Congress forced it to do so. It also expelled 60 Russian diplomats and closed the Russian consulate in Seattle. Mr. Trump denounced alleged Russian attacks on British soil but has delayed imposing sanctions, drawing fire from the Republican chairman of the House Foreign Affairs Committee. The Defense Department also announced last week that it was providing Ukraine with \$200 million for security cooperation. But at the Senate hearing, Mr. Pompeo deflected a question on whether Ukraine-related sanctions on Russia would remain in place.

It's somewhat encouraging that Mr. Pompeo, Defense Secretary Jim Mattis, other senior officials and some members of Congress are working to reassure allies and set the country back on a more stable foreign policy path. On Wednesday, Mr. Trump himself retreated a bit from the trade war that he initiated with the European Union when he agreed with Jean-Claude Juncker, president of the European Commission, to work toward lower tariffs and other trade barriers.

Yet no matter what Mr. Pompeo — or any other official — insists, Mr. Trump has a well-established record of undermining their pronouncements, and even his own, with a tweet. He could easily blow up the trade truce, for example.

The administration's dysfunction makes matters worse. According to Politico, Mr. Pompeo and Mr. Mattis have complained that John Bolton, the national security adviser, has oversimplified decision-making on foreign policy, cutting them out.

Deftly bobbing and weaving while answering questions, Mr. Pompeo insistedthat the senators shouldn't de-link Mr. Trump's statements and actions from administration policy statements and actions. "They're one and the same," he said.

But when Mr. Trump's words repeatedly repudiate what is supposed to be official policy, it sows confusion and undermines trust in officials like Mr. Pompeo who try to defend the president.

During the 2016 campaign, Mr. Trump made clear that, above all, he consults himself on foreign policy. As Rex Tillerson, his first secretary of state, remarked after Mr. Trump spoke sympathetically of neo-Nazis who marched in Charlottesville, Va.:"The president speaks for himself."

Mr. Pompeo finally conceded to the senators that "the president calls the ball" and that "his statements are, in fact, policy."

And that is why so many people cringe when Mr. Trump steps up to a microphone or reaches for his smartphone.

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## Pakistan's Likely Next Leader Is A Taliban Sympathizer (WP)

Thursday, July 26, 2018 Washington Post

PAKISTAN'S PROBABLE incoming prime minister campaigned as a maverick challenging an entrenched and corrupt political elite. But Imran Khan, who on Thursday claimed victory in his country's parliamentary elections, is not exactly an outsider. He is indeed an enemy of the major political parties that have dominated Pakistani civilian politics

for decades — but he is also the favorite of the Pakistani military, whose overweening power the mainstream parties have been trying to curb.

If Mr. Khan takes office, he will have the support of many Pakistanis who want to see reforms that distribute wealth more equally or that disempower the old political dynasties. But he will owe his position largely to the army and its powerful intelligence service, which helped him win so that they can more easily pursue their own interests — which include siphoning off the lion's share of the national budget, supporting the Taliban in neighboring Afghanistan and encouraging other extreme Islamist groups. That means Pakistan, which has been one of the most difficult countries for the United States to work with over the past two decades, is likely to become still more so.

Though no official results had been announced by late Thursday, those reported by local media were close to what the generals were seeking: a solid lead for Mr. Khan, but not enough of one to allow him to form a strong civilian government. The risk for the winners was a popular backlash. So overt and heavy-handed was the military's intervention in the election campaign, and so questionable the vote count, that some analysts predicted it could trigger sustained unrest. The former governing party of Nawaz Sharif, who was ousted from office by court order a year ago and imprisoned this month, said it would not accept the result.

During his time in office, Mr. Sharif challenged the military's control of foreign policy, including its insistence on permament hostility toward India and its sponsorship of terrorist organizations. His reward was to be singled out for prosecution on corruption charges. While he was probably guilty of amassing illicit wealth, the court judgments against him were orchestrated by the powerful Inter-Services Intelligence agency, according to one judge of the Islamabad High Court. According to numerous reports, the military also bribed or intimidated members of Mr. Sharif's party to switch their support to Mr. Khan and forced Pakistani media to tilt their coverage in favor of his campaign.

Mr. Khan, a former cricket star and playboy who now portrays himself as devoutly religious and a nationalist, seems to have few foreign policy views other than antipathy toward the United States and its war on terrorism; he has endorsed the Taliban cause in Afghanistan. That suits the generals, who, since the Trump administration's suspension of U.S. military aid, no longer much pretend to comply with U.S. demands to cease support for the group. Pakistan's de facto rulers now seem to believe that their backing from China, which is investing tens of billions of dollars in the country's infrastructure, gives them the freedom to pursue their baleful

purposes more openly. Mr. Khan's election is evidence of their renewed ascendance.

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### For Imran Khan, Winning Was The Easy Part (Dhume, WSJ)

A flawed election and a divided populace augur poorly for stability in Pakistan.

Thursday, July 26, 2018

**Wall Street Journal** 

By Sadanand Dhume

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Europe's Prisons Breed Terrorism. Can Anything Be Done? (WP)

Thursday, July 26, 2018 Washington Post

Want smart analysis of the most important news in your inbox every weekday along with other global reads, interesting ideas and opinions to know? Sign up for the Today's WorldView newsletter.

When Benjamin Herman went to prison for assault and robbery in 2003, he was a Catholic teen from the town of Rochefort. By the time he was given a two-day home leave this May, he was an avowed Islamist. Within hours of his temporary release, he murdered two female police officers and used their stolen weapons to kill a passing motorist.

Herman's transformation is not an anomaly. Europe's prisons have become a hotbed of Islamic radicalization, particularly as 1,500 Islamic State fighters have returned from the Middle East and faced prosecution. "Never have so many people been arrested on charges related to terrorism, and never have we seen so many of these guys in prison together," Thomas Renard, a Belgian terrorism expert and researcher at the Egmont Royal Institute for International Relations in Brussels, told my colleagues. "In bringing them together, we are facilitating their ability to recruit. And that is something that will stay with us for a long time."

Two of my colleagues, Souad Mekhennet and Joby Warrick, spent months visiting prisons across Europe to understand how people become radicalized — and what countries on the continent are trying to do to stop this from happening. Their article includes looks inside prison cells in Belgium and Germany, two countries that have adopted sharply divergent strategies. Today's WorldView spoke with Warrick about his and Mekhennet's reporting.

Today's WorldView: You write that prisons have become the latest battleground in the evolving fight against Islamist-inspired terrorism. Why are jails particularly conducive to radicalization?

Joby Warrick: Throughout the history of the modern Islamist movement, prisons have served as incubators for terrorist groups. Radicalized individuals, when cut off from family and other moderating influences and subjected to what they see as unjust punishment, often become more angry and more radical. Inside prisons, they find themselves surrounded by troubled young men who are looking for an identity and a cause. For extremists, prison becomes an opportunity to deepen their own ideological commitment while also helping to train and recruit the next generation.

French police officers stand in a street after a hostage-taking at a church near Rouen, France. (Pascal Rossignol/Reuters)

Radicalization is nothing new, and rehabilitation efforts have been going on for years. What's new or important about either subject in 2018?

JW: It's partly a matter of scale. The current population of inmates in Europe includes hundreds who traveled to Syria to fight for the Islamic State or al-Qaeda, or to be part of the caliphate. Many who returned home were immediately imprisoned, and there's a high risk that some of those will seek to recruit others, or try to carry out attacks after their release. In addition, the strain of Islamist ideology embraced by some of these returnees is more extreme and more violent, compared with what we've seen in the past.

In your story, you focus on prisons in Belgium and Germany. What does the problem look like in other parts of Europe?

JW: We focused on Belgium and Germany because both countries saw large numbers of their citizens travel to Syria and Iraq. Belgium, for example, had the highest number of Islamic State emigres per capita in Europe. But numerous other countries are grappling with the same problem and experimenting with different solutions. France, for example, has developed an intelligence service that works inside its prisons to try to penetrate and disrupt terrorist cells. Other countries are seeking to block would-be returnees from coming home at all. Each country is acutely aware of the potential political fallout if a former Islamic State member leaves prison and then commits a terrorist act.

How have European officials tried to fight radicalization?

JW: What we discovered is that countries don't have ready solutions, so they are inventing new approaches and methods for dealing with the problem in real time. Often, the solutions differ dramatically from one country or region to another.

For example, Belgium has developed a program known as DeRadex, which isolates the most radicalized inmates from the rest of the prison population and allows them only limited contact with one another. Belgium's approach doesn't seek "deradicalization" per se — they argue that prisons aren't really equipped to change an individual's ideology and can only hope to discourage violence.

Germany, by contrast, rejects the idea of isolating inmates who embrace radical ideologies, opting instead for a program of intense monitoring and intervention to prevent radicalization from occurring. Officials in both countries say they don't yet have enough data to know which approaches truly work.

People take part in a rally in Turin's Palazzo di Citta in memory of the victims of bombings in Brussels in 2016. (Marco Bertorello/AFP/Getty Images)

Over the course of your reporting, you found that European officials had become much more aggressive about imprisoning people with links to terrorism. In the near future though, almost all of those men and women will be getting out of prison. If deradicalization tactics don't work, what are the biggest risks as those people are freed?

JW: That's what keeps European counterterrorism officials awake at night. Across Europe, there are about 1,500 returnees — women and children as well as men. Some are already back in their neighborhoods, and those who are in prison are serving sentences averaging between three and five years in cases where there is no hard evidence of violent behavior. Experts say there's a high likelihood that at least a few of those inmates will remain just as committed to the Islamic State and its ideals at the time of their release.

What stance have European politicians taken?

JW: European countries were profoundly shaken by the terrorist attacks of 2015 and 2016, and also by the refugee crisis. The political imperative to stop terrorism at all costs was behind many of the tough new laws passed by European parliaments over the last three years. They essentially ensure that anyone who joined the jihad in Iraq or Syria will be charged with a crime and placed in jail. Those laws are highly popular but do little to address the long-term challenge of radicalization that many of these countries face. The solution will involve years of investment in areas such as economic development and education — and so far no political consensus has emerged for those kinds of reforms.

CORRECTION: An earlier version of this story incorrectly identified Benjamin Herman's hometown.

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#### This Is Not Your Grandfather's KGB (Ignatius, WP)

Thursday, July 26, 2018 Washington Post By David Ignatius

Looking at Russia's competing spy services, their overlapping operations against the United States and their sometimes careless tradecraft, some CIA veterans are wondering if the Russian spooks actually want to get caught.

The truth is, President Vladimir Putin probably doesn't mind that his intelligence activities are so blatant that they're a subject of daily public debate. His goal isn't to steal secrets but to destabilize America's political system. The more people obsess about the swarms of Russian spies, the better, from Putin's perspective.

"Russian intelligence activities over the past several years have become not only more energetic, but more eclectic," explained former CIA director John Brennan in an email. "It's a diverse, entrepreneurial and frequently competitive ecosystem. . . . Some of their work is really, really good, showing exquisite tradecraft. Other stuff, not so much."

Rolf Mowatt-Larssen, a former CIA Russia specialist, sees a generational change in Russian intelligence. "The price of the shift to a faster, quick-kill approach is an increase in sloppiness. Ill-advised decisions are common. There's less oversight by older, more experienced cadre."

The new freewheeling, anything-goes style is evident in Russia's 2016 assault on the U.S. political system. The Kremlin attacked from three directions: GRU military intelligence, the FSB security service and a social-media troll farm known as the Internet Research Agency, managed by one of Putin's oligarch pals.

The Russians floated their covert-action propaganda through Facebook, Twitter, WikiLeaks and other social media outlets. Who knows whether there was "collusion," but Russian officials maintained contact in 2016 with a string of Donald Trump associates, high and low, in ways the FBI couldn't miss. It was the opposite of a subtle campaign of manipulation. "Operation Chaos" might be a good name.

Moscow monitored public speeches, not dead drops. According to the Justice Department's July 13 indictment of 12 GRU operatives, the Russian conspirators began hacking Hillary Clinton's personal emails "after hours" on July 27, 2016. Earlier that day, Trump had proclaimed: "Russia, if you're listening, I hope you're able to find the 30,000 emails that are missing."

Putin was shaped by the KGB's rigid bureaucracy and tight secrecy. But as Russia's president, he has embraced a

different operating model — looser, more fragmented, with different services competing for the leader's favor. The old KGB was broken into two pieces starting in 1991 — the SVR, which inherited the foreign spying mission that Putin had served, and the FSB, which took over domestic security.

The FSB has become increasingly involved in foreign operations and may now overshadow its twin, said Michael Sulick, a Russia expert and former CIA operations chief, in an interview. The FSB probably ran the "Cozy Bear" hack of the Democratic National Committee in 2015, and was indicted last year by the Justice Department for hacking 500 million Yahoo emails.

"To put it crudely, the FSB does the kinds of things everyone else thinks about doing but doesn't because they're too risky, too politically inflammatory, or too likely to backfire," wrote Mark Galeotti, an expert on Russian intelligence, last year in the Atlantic.

The GRU, traditionally the most adventurous wing of Russian intelligence, now appears to be resurgent after costly mistakes in the 2008 Georgia war. Ukraine has been "the perfect showcase" for the GRU's covert insurgency tactics, wrote Galeotti this month. He sees the GRU's hand in the 2014 annexation of Crimea and shoot-down of a Malaysia Airlines jetliner; the 2016 intervention in U.S. politics; and the attempted assassination this March in Britain of Russian defector Sergei Skripal.

The Skripal poisoning illustrates Russia's willingness to take risks and its lack of concern about getting caught. The Novichok nerve agent allegedly used could easily be traced to Russia.

An intriguing example of Russia's new generation of spycraft is the case of Maria Butina, who was indicted by the Justice Department this month on charges that she plotted a covert influence campaign that partly targeted the National Rifle Association. The indictment alleges that she was run secretly by a Russian official who had served in parliament and the Central Bank, and was bankrolled by a second Russian who was a billionaire oligarch.

When Butina was photographed near the U.S. Capitol on Inauguration Day, her alleged Russian handler messaged approvingly, "You're a daredevil girl," according to court papers. Three months later, when Butina's American contacts were outed in the media, her alleged handler wrote: "How are you faring there in the rays of the new fame? Are your admirers asking for your autographs yet?"

This is not your grandfather's KGB. Putin is running a multiplatform spy service for the Internet era — as quick, disposable and potentially devastating as a Snapchat image.

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### Mexico And The Nicaraguan Quagmire (Castañeda, NYT)

Friday, July 27, 2018 New York Times By Jorge G. Castañeda

Mr. Castañeda was foreign minister of Mexico from 2000 to 2003.

MEXICO CITY — More than 350 people, the majority of them students and protesters, have died since April in Nicaragua, where a broad social movement seeking the resignation of President Daniel Ortega was ignited by an aborted pension reform.

In a country of a little over six million inhabitants, the number of dead, jailed and missing is striking. Almost 40 years after Mr. Ortega and the Sandinista Front overthrew the corrupt and bloody Somoza dynasty that ruled Nicaragua for nearly half a century, students and activists are calling for the departure of what they consider an unforgivable historical repetition. "Ortega y Somoza, son la misma cosa" (Ortega and Somoza are the same thing) is their rallying cry.

Peasants, activists, the National Autonomous University, former and current opposition leaders have all come under attack; female protesters and even children have all become victims of Daniel Ortega's goon squads. The regime is rapidly becoming a dictatorship, something that the Latin American and international communities should do whatever they can to stop. No one wants another Venezuela in the region.

While the regional and international community was initially slow to react to the repression in Nicaragua, they have recently begun to take a more active role. The United Nations secretary general, António Guterres, issued a statement condemning the violence last week; the Organization of American States approved a resolution condemning the repression and calling for "timely, free and fair" presidential elections. An ad hoc group of nations from Latin America, including Argentina, Brazil and Mexico, had denounced the carnage in Managua and in the iconic city of Masaya, which harbored the most heroic resistance against Somoza back in the '70s.

A group of countries is working behind the scenes with the church and the business community — as well as with Washington — to broker a deal that calls for three key elements. First, an end to repression and the use of paramilitary or goon squads to beat up or murder students. Second, the resignation of Rosario Murillo, Mr. Ortega's wife, vice president and power behind the throne, and her promise not to run for president in the next elections. Third, internationally observed elections early next year, with the president bowing out beforehand. This mediation effort and

the ensuing agreement may or not succeed, but at least an effort is underway to end the bloodshed.

Unlike the situation in Venezuela, which in addition to repression and other human rights violations has been experiencing a humanitarian, economic and migratory crisis for several years, the Nicaraguan conundrum might well be solved through regional and international cooperation. Venezuela has oil, Russian and Chinese support; Nicaragua has none of the above. But two significant obstacles stand in the way.

The first is the ongoing support by much of the Latin American left for the Ortega regime. Just last week, more than 430 participants at a Havana meeting of the São Paulo Forum — an annual meeting of leftist political parties and other organizations from Latin America and the Caribbean founded in 1990 — expressed solidarity with Mr. Ortega and condemned the "terrorist, coupist right groups" attempting to overthrow him, with, of course, the support of United States imperialism. In addition to Cuba, the presidents of Venezuela, Bolivia and El Salvador attended the conference, along with Brazil's former president and representatives of potent left-of-center, pro-Ortega organizations from Colombia and Ecuador.

The Latin American left is no longer what it was barely half a decade ago, but it continues to be powerful, well-organized and well-connected. While little survives of the old Sandinista mystique in the Ortega clique today, it can still count on traditional international and regional support. This support was decisive in bringing him to power in 1979; it can be equally crucial in maintaining him there today.

The second obstacle is Mexico. The country played a critical role in 1979, leading the regional opposition to Somoza and the Carter administration's attempt to retain "somocismo sin Somoza." It subsequently supported the Sandinista regime, as well as a negotiated peace in Central America.

In 2000, Mexico abandoned its traditional anti-interventionist foreign policy and strongly emphasized the collective defense of human rights and democracy in the region. There was a short-lived and halfhearted attempt to return to obsolete stances between 2007 and 2015. Under the foreign minister, Luis Videgaray, the country has attributed far greater importance to universal values than to traditional introversion and isolationism.

Until July 1 of this year. On that date, Andrés Manuel López Obrador was elected president in a landslide victory that overturned Mexico's politics, but also, probably, its foreign policy. A broad coalition of left-of-center moderates, conservative evangelicals, hard-left radicals and traditional Mexican nationalists was swept to victory with 53 percent of

the vote, 32 points above of the runner-up, Ricardo Anaya. One of their boilerplate stances was a new foreign policy for Mexico.

Among the points Mr. López Obrador has stressed is an uncompromising return to Mexico's traditional views on not getting involved in other nation's politics and not expressing opinions on the human rights situation in other countries. His foreign minister-to-be, Marcelo Ebrard, stated that simply discussing the Nicaraguan or Venezuelan cases at the O.A.S. was tantamount to interfering in these nations' internal affairs. The new government, which takes office on Dec. 1, would accordingly refrain from such initiatives. Mr. López Obrador sent the chairwoman of his party, Morena, to the Havana conference of the São Paulo Forum, whose final declaration she signed. Another of his envoys there made a strong speech of support for Latin American governments of the left, including Nicaragua's.

In other words, Mexico, the second-largest nation in the region, will no longer be part of the broad Latin American coalition seeking, unsuccessfully until now, a solution to the Venezuelan nightmare and to the Nicaraguan quagmire.

At best, from the perspective of human rights and collective defense of democracy, it will look homeward and inward and simply distance itself from any regional challenge. At worst, it will side with regimes such as the Nicaraguan and Venezuelan ones, evoking the principle of nonintervention but in fact sympathizing with them politically and ideologically.

If the current effort to find a solution in Nicaragua is to succeed, it must come to fruition before December, as long as the Peña Nieto administration is in office and active on this front. While Mr. López Obrador should condemn the bloodshed in Nicaragua and support President Enrique Peña Nieto's and the O.A.S.'s efforts to mediate a solution, and defend human rights in the region, he is unlikely to do so. After Dec. 1, don't count on Mexico.

Jorge G. Castañeda, Mexico's foreign minister from 2000 to 2003, is a professor at New York University and a contributing opinion writer.

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### Why Trump Is Right About The E.U.'s Penalty Against Google (Stewart, NYT)

Friday, July 27, 2018
New York Times
By James B. Stewart

It didn't take long last week for President Trump to blast America's latest economic foe, the European Union, for imposing a \$5.1 billion antitrust fine on Google's parent company.

"I told you so!" Mr. Trump wrote on Twitter. Calling Google one of "our great companies," he asserted that the European Union "has truly taken advantage of the U.S., but not for long!"

Let's put aside the fact that Google controls more than 90 percent of the internet search market in most of the union's member states, according to the European Commission (compared with just 63.5 percent of the market in the United States). That makes it hard to argue that the Europeans have somehow "taken advantage" of Google.

But on the merits of the antitrust case, Mr. Trump has a point.

It's hard to find any antitrust expert, European or American, who has endorsed the logic or outcome of the ruling by the European Commission.

The commission, which is the union's executive arm and oversees its competition policy and antitrust law, found that Google had run afoul of those regulations in several respects.

But the heart of the decision involved Google's insistence that mobile phone manufacturers that use its Android operating system and want to preinstall the Google Play app store must also install a suite of Google apps, including the company's search engine, its Chrome browser and its mapping, calendar and photo programs.

The commission called this a classic "tying" arrangement, in which a company extends the market dominance it enjoys in one area (in this instance, the app store) to others, specifically the browser and search engine. (For some reason, the commission's logic did not extend to any other Google apps.)

"Google has used Android as a vehicle to cement the dominance of its search engine," Margrethe Vestager, Europe's antitrust chief, said in announcing the ruling.

The focus on tying arrangements is reminiscent of two famous Microsoft cases: one in the United States, in which the government accused the company of illegally tying its Internet Explorer browser to its dominant Windows operating system, the other in Europe, where Microsoft was found to have abused its Windows dominance by embedding its media player.

The outcomes in both cases are now widely viewed as irrelevant, since by the time they were decided, Explorer and Windows Media Player had been overwhelmed by technological change and competition — from Google, among others. Microsoft's share of the browser and media-player markets is insignificant today.

But even if the European Union's Microsoft precedent is viewed as sound, Google's competitive situation is different. "There's only a superficial resemblance to Microsoft," said

Pinar Akman, director of the Center for Business Law and Practice at the University of Leeds in England, who has received support from Google for some of her research.

Unlike adding a rival media player to the Windows operating system, which at the time was a slow and cumbersome process, adding rival apps to an Android-based phone can be done "in seconds," said Ms. Akman, an antitrust expert. "The commission put a lot of emphasis on the value of preinstallation. But just because an app is preinstalled doesn't mean consumers are going to use it. It's very easy to download a rival app."

Google's photo app, for example, has struggled to compete against Instagram and Snap, even though it comes preinstalled on Android-based phones as part of the Google suite.

Christopher L. Sagers, an antitrust professor at Cleveland-Marshall College of Law, agreed that if installing a rival app is as easy as Google claims, "it would make for a pretty solid argument that whatever dominance Google has retained in mobile search has nothing to do with anticompetitive conduct, and rather just reflects its superiority as a product."

Curiously, the commission's statement announcing the ruling did not address that issue. (A full written decision is not expected for months.) So I opened the Google Play store on my Android phone and searched for Bing, Microsoft's search engine. I was able to download it in seconds. Google suggested I "might also like" an array of other search options, including Firefox and DuckDuckGo, which were displayed on the same page and equally accessible with a touch of my finger.

Even though Google requires phone makers to use the full suite of Google apps if they want to install the Play store, there is nothing to prevent those companies from also preinstalling rival apps. "Why doesn't Microsoft just pay manufacturers to preinstall Bing?" Ms. Akman asked.

Apple, for one, makes Google the default search engine on the iPhone's Safari browser, even though Apple does not use either the Android operating system or the Play store. Oddly, the commission excluded Apple as a Google competitor, saying that because the company produced premium-price products, it did not constrain Google's ability to dominate the broader market.

"Can you imagine a U.S. court finding that Android and iOS don't compete?" said Professor Sagers, referring to Apple's operating system.

Samsung, too, preinstalls a range of rival apps in addition to the suite of Google products. The commission's stated mission is to protect European consumers by assuring them the benefits of competition. But the commission does not seem to have considered the possibility that Google's search engine and browser have achieved such high market share because consumers prefer them, or that consumers might also like having the apps already installed on their phones.

The commission argues that when a phone comes with a single search engine preinstalled, it confers an enormous competitive advantage on that product. To support the theory, the commission said that on phones using Windows operating systems, which come with Bing preinstalled, 75 percent of searches are conducted using that engine.

But Windows-based phones accounted for only 0.15 percent of the global market at the end of last year. That renders the data irrelevant, Ms. Akman said.

A closer analogy, though not one cited by the commission, can be found in Russia. Last April, Google reached a settlement with a rival search engine based there, Yandex, under which it agreed that phone makers could preinstall Yandex on Android devices and let consumers decide which app would be their default search engine.

At the time, Google and Yandex each had about 48 percent of the Russian search market. Since then, Yandex has increased its share to 51 percent; Google's has dropped to 45 percent.

Even if preinstallation offers Google an advantage over rival app producers, that does not mean it harms consumers or violates competition law. I, for one, like having the Google apps preinstalled on my phone, unlike most of the clutter imposed on me by my phone service provider, Verizon.

Google has said it will appeal the commission's decision. Given the commission's track record — it has rarely been reversed — the company would seem to face long odds. Still, the European Union's highest court sent a 2009 antitrust judgment against Intel back to a lower court for further review last year. The higher court's opinion clarified that the purpose of European antitrust law was not to protect inefficient competitors at the expense of consumers. That could give Google an opening.

Then again, the Trump factor must now be considered, especially since the president, after all but declaring economic war on Europe last week, seemed to declare a truce on Wednesday.

"I don't think the Google ruling is anti-American," Ms. Akman said. "There are plenty of rulings against European companies, too. It's just that the American tech companies

have been so successful, and have achieved so much market power, that they're going to come under scrutiny."

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# His Pacific Island Was Swallowed By Rising Seas. So He Moved To A New One. (Cave, NYT)

Friday, July 27, 2018
New York Times
By Damien Cave

MAKARU ISLAND, Solomon Islands — The first island David Tebaubau moved to 14 years ago has already disappeared, drowned by heaving currents and rising seas.

"It used to be right there," he told me, pointing east to what simply looked like more ocean. "We thought everything was going to be O.K., but it's getting very hard."

The spit of earth he currently occupies here in this remote stretch of the South Pacific is half the size it was when he arrived five years ago. At mid-tide, it's 24 steps across at its widest point, and 58 steps long (by my own walking count).

At high tide it's even smaller, a teardrop of sand and coral with just enough room for his family and a few tons of the seaweed they grow offshore.

It's that seaweed that keeps them here. The shallows near his island — and two others nearby that have also been settled by farming families — are perfect for a wiry breed that's exported across Asia. And Mr. Tebaubau, 50, a former mechanic with the calm voice and long beard of a sage, is especially adept at its cultivation.

His earnings have already sent his children to private school on a larger island. To the neighboring seaweed farmers, he is not just a recluse. He is The Seaweed King.

At least for as long as he has a kingdom.

All three of the sandy islands here are being swept away by powerful currents and a rising ocean caused by climate change. Precarious and precious, life here is lovely, tropical and calm, but also akin to living in a bathtub with warm water pouring in and no drain to let it out. Ever.

It's what you see in many parts of the Solomon Islands, a struggling, stunning country of around 900 islands and 570,000 people.

Scientists call it a global hot spot. The surrounding seas have risen about 7 to 10 millimeters per year since 1993, roughly three times today's global average — and what scientists expect across much of the Pacific by the second half of this century.

Confronting such extremes, residents of many small villages on various islands have picked up and moved. Others, especially here on the three islands surrounded by lush seaweed, are doing everything they can to stay.

"People talk about these islands being vulnerable, and along with that they tend to treat the human beings as vulnerable, too," said Simon Albert, a researcher at the University of Queensland in Australia who has written several papers on adaptation to climate change in the Pacific. "But in my view, they're the opposite — they're strong and resilient."

Maybe they're a bit stubborn, too — but with cause.

The families here are the children and grandchildren of migrants resettled by the British in the 1950s after their islands elsewhere in the Pacific suffered from extreme drought.

They're not eager to move again.

"They call us crazy for staying, but we just survive, ourselves," said Andrew Nakuau, 55, a farmer and community leader on Beniamina, where about 60 people live crammed together on an island no more than a few hundred meters wide.

We were meeting at its center, in a small church at Beniamina's peak — shin-high from the sea. I could see Makaru a short boat ride away.

Small solar panels the size of a notebook shimmered on the roofs of the thatch-and-wooden homes clustered nearby. Washbins and buckets for rainwater, the only freshwater available, lined the island's pathways, thirsty for a storm.

I asked Mr. Nakuau what it felt like to be so disconnected from the causes of climate change, with its cars and coal, but so close to its effects.

He shrugged and walked me over to his own line of defense.

To the left of an outhouse dangling over teal blue water, which used to be land, he pointed to a pile of coral rising several feet from the sand. It was held in place with wooden beams.

"This is the second wall I've built," he said. "The first one was four years ago."

He has also added a second floor to his home.

When I saw a DVD player there, I asked if he had a favorite. "Rambo," he said.

A few hours later, low tide, and work, returned. Most of the young men from the islands could be seen out in the water, piling seaweed into dugout canoes, or tying seedlings to underwater ropes.

It was hot, equatorial hot, even in the water.

When a thunderstorm rolled in, the men quickly moved their catch under tarps to protect it.

Under one tent on Beniamina, nearly a dozen women were working together, laughing and chatting as the men carried seaweed in and children splashed nearby in the rain.

Asked about the toughest part of living on the island, the women struggled for answers.

"It's easier to get to know each other here," said Rakeua Angela, 58, a mother of six.

Rarely, all agreed, does anyone cause trouble. Even drinking alcohol is against the rules; 20 lashes on the rear-end is the punishment, last meted out about a year ago, Mr. Nakuau said, to eight boys and two girls caught in a not-so-distant corner of their very small island.

Cross-sea marriages are common (three of Mr. Tebaubau's children married into Beniamina families) and recreation is communal — bingo nights for women around once a week, birthdays celebrated by all and, at dusk on most days, volleyball and music on Beniamina.

The games are competitive, but joyful with a soundtrack moving from hip-hop to Abba. Watching the island's teenagers play during one particularly glorious evening, it was almost possible to believe that life here could continue forever, undisturbed.

Except that in the distance were the dead gray trees that used to be on land, and the dark blue waves, crashing on the reef.

None of the islanders, especially not the Seaweed King, seemed to notice. When we returned to Makaru, Mr. Tebaubau happily showed me his warehouse with the seaweed he planned to sell next.

"I don't intend to move," he said. "Here there's no boss, you're the boss."

His children were out. His own wall of coral stood tall. "We'll keep trying," he said, "trying to stand."

Except for a few growling dogs, he was completely alone, tilting at the windmill of rising seas.

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### I'm Stuck In Guantanamo. The World Has Forgotten Me (Rabbani, LAT)

Thursday, July 26, 2018 Los Angeles Times By Ahmed Rabbani

The world has forgotten me.

Though I once had friends, now I have nobody. Though I once had a government, Pakistan has turned its back on me. Though I once was a human being, I have been reduced to a number (1461) and abandoned in a dark hole: the military prison at Guantanamo Bay.

I am officially a prisoner of war, though the only battle I ever fought back home, as a taxi driver in Karachi, was the rush hour traffic. I was mistaken for an extremist, captured by Gen. Pervez Musharraf's government and sold to the CIA for a bounty in 2002. I've now been detained at Guantanamo, without trial, for nearly 14 years.

President Trump's lawyers argued in court this month that I and other Guantanamo prisoners who have filed habeas corpus petitions could be held by the U.S. government for a hundred years, if that is how long the "conflict" lasts.

I have withstood a lot of torture.

We are said to be the most dangerous prisoners in the world. Yet in the years since this prison was opened, there have been no murders here, no escape attempts, no drugs. The only deaths have been those of the nine men who succumbed to health problems or took their own lives. The only alleged sexual abuse has been at the hands of American interrogators.

The Miami Herald reports that, to operate Guantanamo Bay prison, it costs \$11 million per prisoner per year. That would be more than \$30,000 a day just for me.

I have gone on hunger strikes many times to peacefully protest my imprisonment. I am back to not eating, but this time it's not a strike. I have chronic stomach problems so acute that I cannot consume hard food without vomiting blood. I am slowly disappearing, dropping a pound a week. I currently weigh 95 pounds.

I have asked for papaya and figs, as well as lamb, the only meat soft enough for my stomach to digest. Although a previous commander said I could have what I needed, I am not getting it.

For a while we had a physician whom we called Dr. Unfortunately. "Unfortunately you can't have this," he would say. "Unfortunately you can't have that."

Now we have Dr. Surprise. "They have approved your food, except the lamb," he said. "I am surprised you are not getting it."

Instead of giving me papaya and figs and lamb, the guards force-feed me cans of nutritional formula. They used to let us receive liquid food while watching television. Now they strap my hands and legs down in a restraint chair. (We call it the "torture chair.")

I have withstood a lot of torture. Before they brought me to Guantanamo, the Americans took me to a black site in Kabul known as the Dark Prison, where my hands were shackled overhead for days on end. Do you have any idea how painful that is, with your shoulders gradually dislocating? Maybe you read in the Senate Intelligence Committee's torture report about the prisoner who tried to cut off his own hand to end the pain. That was me.

Torture makes you go mad. Sometimes I catch myself going mad again now. Every time I am force-fed, every time I meet with my lawyer, every time I see a doctor, they use some kind of metal detector device to do a cavity search. They have never found anything in all these years. What I am meant to be hiding, I have no idea. It is pointless. But I have to wonder if the radiation it emits isn't my own private Hiroshima or Nagasaki — four, six, eight times a day. Maybe I am paranoid, but I feel that something bad is happening to me, deep inside.

When someone says, "Good morning," I do not respond anymore. There is no morning and no evening. There is only despair.

Ahmed Rabbani is a taxi driver from Karachi, Pakistan, who has been detained without trial at Guantanamo Bay for almost 14 years.

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### Did Israel Just Stop Trying To Be A Democracy? (Boehm, NYT)

Thursday, July 26, 2018 New York Times By Omri Boehm

Mr. Boehm is an Israeli philosopher.

Last week, Israel's government pushed through Parliament a new law calling Israel the "nation-state of the Jewish people." That statement may sound like a truism — and in some respects it is one — but the implications of it officially being made are monumental.

In 1948, the Declaration of Independence, the text that marks the founding of Israel, created a Jewish state that would ensure "complete equality of social and political rights to all its inhabitants irrespective of religion, race or sex." Since then, the question of how Israel could be both Jewish and democratic has been the object of fierce controversy.

The effort to guarantee equal rights for non-Jews has at times seemed like trying to square a circle. Last week, Israel gave up on even trying.

Prime Minister Benjamin Netanyahu claims that the new legislation simply "determined in law the founding principle of

our existence." In fact, its primary function is to build a formal foundation for Israel's annexation of the West Bank — and for a Jewish state eventually to stretch over the whole of Palestine. Late last year, Mr. Netanyahu's hard-right Likud party had called for the "application of Israeli law and sovereignty in all liberated areas of settlement" in the West Bank.

Critics of last week's nation-state legislation say it flouts the 1948 Declaration of Independence, but matters are messier, and uglier, than that: The new law only exposes an old dirty truth, an unspoken quid pro quo dating back to the creation of modern Israel.

The Declaration based itself explicitly on a 1947 United Nations General Assembly resolution that called for the establishment of two states in Palestine: one Jewish, the other Palestinian. It recognized "the natural right of the Jewish people to be masters of their own fate, like all other nations, in their own sovereign state." It also declared "the establishment of a Jewish state in Eretz-Israel." This language — "like all other nations"; "in," not "over," the Holy Land — left open the possibility that Palestinians, too, could be masters of their own fate, also in Palestine.

But this implicit nod to Palestinian self-determination was driven by an overriding concern for Jewish interests, not Arab rights. In May 1948, there were about 600,000 Jews and some 1.2 million Arabs living within Palestine's borders. With Jews in the minority, the Jewishness of a democratic Israel could only be ensured if Palestinians had a chance at self-determination. In other words, Israel's foundational twin pledge (to be both Jewish and democratic) was hypocritical: Arabs would be equal (in rights) so long as Jews were superior (in numbers).

The system's original contradictions are now being laid bare. Of the more than 8.2 million people living in Israel's recognized borders today, roughly 73 percent are Jewish and 22 percent are Arab. But of the 11.8 million people who live in Israel and the West Bank, roughly 56 percent are Jewish and 40 percent are Arab. And as the prospect of a viable two-state solution has receded, so has Israel's promise that it would provide full equality to non-Jews.

In keeping with this evolution, last week's nation-state law says that, "The right to exercise national self-determination in the State of Israel is unique to the Jewish people." Its proponents insist that such pronouncements neither amend nor undermine the 1948 Declaration's commitments to equality because the legislation doesn't subordinate democratic rights to the protection of Jewish identity. This is a misleading claim: The nation-state law doesn't create any such hierarchy because it doesn't need to; other laws already do.

Notably, any person who "expressly or by implication" negates "the existence of the State of Israel as a Jewish and democratic state" already is prohibited from running for Parliament, known as the Knesset. Defending Israeli democracy through such a law arguably is a legitimate way to guard against extremists who want to destroy the system from within, by abusing its own rules. But defending the state's Jewishness in this manner runs roughshod over people's equal right to democratic representation. It implies that Israel's Jewish identity trumps its democratic character.

Last month, the Joint List, an alliance of mostly Arab-Israeli lawmakers, submitted to Parliament a bill called "Basic Law: The State of All of Its Citizens" that proposed redefining Israel from a Jewish state to a neutral republic. The Knesset didn't even vote on it, invoking a procedural rule to dismiss it outright as denying the country's Jewishness.

As Ahmad Tibi, an Arab-Israeli member of the Knesset quipped back in 2009, "This country is Jewish and democratic: Democratic toward Jews, and Jewish toward Arabs." The nation-state law has just made it more so.

In particular, the new law says that "the state views the development of Jewish settlement as a national value and will act to encourage and promote its establishment and consolidation." In the context of Israel's ongoing conflicts over demography and land, promoting Jewish settlement doesn't just mean favoring the interests of Jews; it also means undermining the interests of Arabs.

The cruel results of this strategy are well known from Israel's settlement project in the West Bank, but similar measures have also been implemented inside Israel proper. In the 1980s, numerous Jewish villages were established in the north of the country as part of a heavily funded effort to "Judaize the Galilee." (I grew up in one of them.) To set up these villages, the government confiscated the land of Arab Israelis and isolated their towns from one another. Their economic prospects waned; their national aspirations — such as for autonomy within Israel — were undermined. Last week's law will give these old methods a fresh boost, including before the Supreme Court, where they have been challenged in the past.

Israel's policy of promoting Jewish settlements has created de facto apartheid in the occupied territories of the West Bank. The nation-state law now formally endorses the use of similar apartheid methods within Israel's recognized borders. What was long suspected has finally been made brutally clear: Israel cannot be both a Jewish state and a liberal democracy.

Omri Boehm is an associate professor of philosophy at the New School for Social Research.

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### **TRADE**

# Trump Trade War: U.S. Stock Market Is Faring Better Than China's Since Dispute Began (Shell, USAT)

Thursday, July 26, 2018 USA Today By Adam Shell

Economists say there are no winners in a trade war, and American farmers, appliance companies and automakers are proof that tariffs can inflict financial harm.

But if you're using the stock market as a measure of whose winning the trade dispute, the U.S. has a clear lead over China and its other trading partners.

While stock prices are just one way of gauging who's feeling more of the ill effects of tariffs, there's no disputing that shares of U.S. companies are performing better than Chinabased stocks and other foreign markets, says Alec Young, the New York-based managing director of global markets research for FTSE Russell.

"There's a lot of ways to judge this and I expect a lot of twists and turns, but if we just look through the lens of the market, we've seen much stronger U.S. stock performance," says Young.

The Standard & Poor's 500, a stock index filled with America's biggest companies that get more than 43 percent of their revenues from overseas sales, is up 6.5 percent this year through Wednesday's close. China's Shanghai composite is down more than 12 percent over the same period, and major stock indexes in Japan and Europe are down a little less than 1 percent.

The better performance of the closely watched U.S. stock index is good news for individual investors, as there is \$3.4 trillion invested in index funds that track the S&P 500 in all sorts of accounts, ranging from 401(k)s and IRAs to mutual funds and exchange traded funds, according to S&P Dow Jones Indices. A 401(k) investor with a \$100,000 investment in the large-company stock index at the start of 2018 was sitting on a gain of \$6,500 through July 25, compared to a loss of roughly \$12,000 for a Chinese investor that began the year with a similar-sized investment in the Shanghai composite.

So why are shares of U.S. companies holding up better, even though Kate Warne, investment strategist at St. Louis-based brokerage Edward Jones, says all markets have been "hampered" by tariffs and worries about the possibility of additional levies and more trade disruptions?

Reasons include: U.S. is negotiating from position of strength

The tariff dispute comes at a time when the U.S. economy is performing extremely well, Warne says. And that enables President Trump to negotiate a better deal from a position of strength.

Corporate profits are on track to grow by more than 20 percent for the second straight quarter, its best back-to-back performance since 2010. The U.S. jobless rate is at an 18-year low. And the economy is picking up, with economists forecasting second-quarter GDP growth of 4 percent, which would mark the fastest pace since 2014. China, as well as Europe and Japan, on the other hand, are experiencing slowing growth.

The U.S. economy is also benefiting from lower corporate tax bills and government spending.

"Stock markets are barometers of domestic conditions, and they show the short-term outlook for China isn't as positive as for the U.S.," Warne explains.

That's not to say individual U.S. companies won't experience a hit to profits from the tariffs.

General Motors, the nation's biggest automaker, for example, said Wednesday that higher commodity costs, mainly from steel, which has risen in price since the president announced a 25 percent tariff in March, took a \$300 million bite out of its quarterly earnings. GM shares fell 4.6 percent, as the company cut its forecast for full-year profits due to rising costs.

Similarly, appliance maker Whirlpool said Tuesday that demand for its washing machines was "very soft" from April through June after it raised prices to cover higher costs related to "raw material inflation."

U.S. farmers have also taken a hit after China, which is the largest importer of U.S. soybeans, retaliated with tariffs on that crop.Investors bet on Trump deal-making

Despite fears that the trade dispute could spiral out of control, slowing global growth and dampening investor and business confidence, Wall Street pros still believe the president's use of tariffs as a negotiating tool will likely be a winner.

If Trump wins concessions from China or the European Union, it could prove bullish for stocks as trade terms improve for U.S. companies.

"Right or wrong, many investors still feel the U.S. has the upper hand in this battle, and will win in the end," says Randy Frederick, vice president of trading and derivatives at the

Schwab Center for Financial Research.China has more to lose

Chinese exports to the U.S. measured in dollars outnumber incoming American goods to China by a 3 to 1 margin. Remember, nearly 70 percent of the U.S. economy is driven by domestic spending by consumers. China, which is running a \$280 billion trade surplus with the U.S, according to data from financial firm Stifel, can't risk losing too much of its American business, Wall Street pros say.

"The U.S. is a customer of size with buying power that is hard to replace," says John Stoltzfus, chief investment strategist at Oppenheimer Asset Management.

And although tariffs could cause prices for consumer products ranging from cars to washing machines to rise, "the U.S. does not need China as much as China needs the U.S.," says Barry Bannister, head of institutional equity strategy at Stifel.

So far, there is "little evidence trade is having a negative impact on economic data," says Young of FTSE Russell, adding that the massive U.S. economy is more insulated from trade strife because growth comes from many sectors of the economy, including industries, such as health care, which are not as hard-hit by tariffs as are industrial companies.

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## China's Xi Says World Must 'Reject Protectionism Outright' (AP)

Thursday, July 26, 2018 Associated Press

JOHANNESBURG (AP) — Chinese President Xi Jinping urged fellow leaders of the BRICS emerging economies to "reject protectionism outright" on Thursday during their annual summit in which the United States is being criticized for escalating tariffs on foreign goods.

Xi along with Russian President Vladimir Putin, Indian Prime Minister Narendra Modi, Brazilian President Michel Temer and South African President Cyril Ramaphosa clasped hands and posed for a group photograph on the second day of their meeting in Johannesburg.

The Trump administration's trade war with China, the world's second-largest economy, and other major trading partners has given focus to the summit to rally support for what Xi called "common prosperity."

The Chinese leader criticized the "escalation of protectionism and unilateralism" that he said has directly affected the development of emerging markets.

"We must unlock enormous potential for economic cooperation," he said, and fight back against protectionism by

working through the United Nations, the Group of 20 nations and elsewhere.

The BRICS leaders later signed a declaration in which they agreed to strengthen economic and security cooperation, uphold "multilateralism" and work toward "a fairer international order."

"We call on all WTO members to abide by WTO rules," they said in a statement, referring to the World Trade Organization.

A day earlier at the summit, Xi said the world faces "a choice between cooperation and confrontation" amid the trade dispute with the United States in which he warned there would be no winner. U.S. President Donald Trump, meanwhile, accused China of "vicious" tactics on trade.

Putin, for his part, supported the idea of opening regional branches of the New Development Bank for BRICS. "We are negotiating with Brazil on this matter, starting from the fact that after the completion of the issue, the opening of the office in Russia will begin," he said.

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### China Plans Retaliation For Any Amount Of U.S. Tariffs (BLOOM)

Thursday, July 26, 2018 Bloomberg News

The Chinese government has a plan to retaliate against increases in U.S. tariffs regardless of the volume of goods targeted, according to an official in Beijing.

China is ready to respond to measures from U.S. President Donald Trump whether they involve \$16 billion or \$200 billion of Chinese imports, the official said Thursday, asking not to be identified.

The comments came as the world's two biggest economies are locked in a trade standoff after imposing tariffs on \$34 billion of each other's goods earlier this month. Another \$16 billion of trade is likely to be targeted soon.

The Office of the U.S. Trade Representative has identified an additional \$200 billion of Chinese goods and Trump said he is "ready to go" with tariffs on as much as \$500 billion, roughly the value of all China's annual exports to the U.S. He has also accused China of manipulating its currency during the yuan's monthlong losing streak.

China's Ministry of Commerce spokesman Gao Feng said Thursday that the two sides have had no contact about renewing talks and the U.S. is fueling tensions while putting all the blame on China.

— With assistance by Miao Han, and John Liu

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### Amid Trade War, US And China Exchange Invectives At WTO (Keaten, AP)

Thursday, July 26, 2018 <u>Associated Press</u> By Jamey Keaten

GENEVA (AP) — Ambassadors from the United States and China exchanged barbs at the World Trade Organization on Thursday over the countries' simmering trade dispute.

The showdown between Dennis Shea and Zhang Xiangchen came at a WTO meeting in Geneva on Thursday, as the two massive economies are embroiled in a trade war. The Trump administration is putting tariffs on billions worth of Chinese goods, and China is retaliating.

Shea lashed out at Beijing's claim that it supports open, transparent, inclusive and non-discriminatory trade. He said: "China's size magnifies the harm caused by its state-led, mercantilist approach to trade and investment, and this harm is growing every day and can no longer be tolerated."

Zhang replied that Shea had "made the air smell like gunpowder."

"We should thank Ambassador Shea, as he reminded us that we are now in an unprecedented crisis of the multilateral trading system," he said.

While noting issues of poverty in China, Shea rejected Chinese government claims that it remains a developing country given that it is the world's largest automotive market, oil importer, steel manufacturer and meat consumer. He insisted that the Chinese state retains control or strong influence over a wide array of businesses in China.

"We want to ensure that members truly understand that change is necessary if the WTO is to remain relevant to the international trading system," he said, insisting that China too must change to "fully and effectively embrace open, market-oriented policies like other WTO members."

The meeting was closed to reporters and the comments were made available to The Associated Press through their respective diplomatic missions.

Trump has repeatedly criticized the WTO as allegedly unfair to the U.S.

Zhang then all but accused the U.S. of being the bigger disrupter of trade with its tariffs on steel, aluminum and tens of billions of dollars' worth of Chinese goods.

"We have to be fully aware which country's trade measures are most disruptive." he said.

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### U.S. Downplays Hopes For China Deal Soon Amid EU, Nafta Progress (Mayeda, Leonard, Niguette, BLOOM)

Thursday, July 26, 2018

**Bloomberg News** 

By Andrew Mayeda, Jenny Leonard, And Mark Niquette

President Donald Trump's trade battle with China is showing no signs of letting up, even after he made peace with the European Union and signs mounted that a tentative deal on a new Nafta may be reached next month.

The pact with the EU to refrain from new tariffs, announced Wednesday, has Bank of America Corp. economists suggesting a possible turning point in the global trade war. To celebrate the breakthrough, Trump tweeted a photo of European Commission President Jean-Claude Juncker greeting him with a kiss on the cheek.

Meanwhile, relations between Washington and Beijing showed no signs of improvement Thursday as Trump's top trade negotiator played down the prospect of a quick compromise and a top Chinese trade official railed against U.S. trade strategy as "extortion." Those were the latest signs that common ground with China remains a major challenge. A negotiating framework with Beijing in May lasted just days before Trump called for deeper concessions.

"We clearly have a chronic problem with China," U.S. Trade Representative Robert Lighthizer said in Senate testimony, estimating that trade issues with Beijing will take years to resolve. He said the Trump administration believes it must push back against China because it uses "state capitalism" to take advantage of the openness of the U.S. economy, costing Americans jobs and wealth.

"Some issues will be dealt with in a short period of time," Lighthizer said. "Directionally, we're going to have a problem with China that's going to go on for years."

Related Story: Qualcomm Scraps NXP Deal Amid U.S.-China Trade Tensions

In the early stages of talks, it appeared that Beijing might mollify the president by pledging to buy more American soybeans and energy, as the Europeans did this week. But Lighthizer's remarks portray the trade dispute as a longer-term clash between radically different systems. If such a view

prevails in coming months, it signals slimmer odds Trump can reach a deal with Chinese President Xi Jinping, who's shown little desire for abrupt economic strategy shifts.

In the most recent sign of the U.S. and China's frayed economic ties, Qualcomm Inc., based in San Diego, scrapped its \$44 billion bid for rival chipmaker NXP Semiconductors NV after Chinese regulators failed to approve the largest-ever deal in the chip industry. Interviewed earlier Thursday on CNBC, Treasury Secretary Steven Mnuchin said he was "very disappointed" in China's decision.

The hearing gave both Democrats and Republicans a chance to criticize Trump's trade policies, highlight the pain on American farmers and businesses, and point out the lack of a timetable for resolving the disputes. China's authoritarian political system offers its officials the ability to wait out the U.S. on trade issues, said Senator Brian Schatz, a Democrat from Hawaii.

"How do we have leverage in a situation where they have unending patience and we have almost none?" he asked Lighthizer. "You don't pick stupid fights."

"If your conclusion is that China taking over all of our technology and the future of our children is a stupid fight, then you're right, we should capitulate," Lighthizer responded. "My view is that's how we got where we are."

The deal with the EU suggests Trump will take an even harder line with China, rather than backing down, said Dan DiMicco, a former steel-industry executive who advised Trump during the 2016 campaign.

"Trump is playing hardball," he said in an interview. "The president is going to build a coalition to deal with the real issue, which is China's mercantilism." Tariffs, Retaliation

The Trump administration this week held public hearings on its plan to target \$16 billion in Chinese goods targeted with duties of 25 percent, which could be imposed after a comment period ends July 31. The administration imposed tariffs on \$34 billion of products on July 6, after similar hearings in May.

The U.S. has also identified an additional \$200 billion of goods slated for a 10 percent duty after China announced retaliatory levies, and Trump has said he's "ready to go" with tariffs on \$500 billion in imports – roughly the annual value of all U.S. imports from China.

High-level talks between the U.S. and China are on hold, and neither side appears ready to dial down the rhetoric. "Holding our feet to the fire has never worked," China's ambassador to the World Trade Organization, Zhang Xiangchen, said Thursday in Geneva. "Extortion, distortion or demonization does no good to resolve the issues."

The U.S. deal with the EU is a "clear negative for China," said Alicia Garcia Herrero, chief Asia-Pacific economist at Natixis SA in Hong Kong.

"It means the EU is on the U.S. side," she said. "We should expect the EU to align to some of the protectionist measures taken by Trump on China."

Even as he criticized China, Lighthizer expressed optimism of a deal on a new North American Free Trade Agreement. The U.S. hopes to conclude an agreement-in-principle with Canada and Mexico in August, Lighthizer said. The Mexican peso rose following his comments.

With assistance by Bryce Baschuk, and Enda Curran
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## Chinese Factory Rushing To Make Trump's 2020 Banners In Fear Of Tariffs (Hayes, USAT)

Thursday, July 26, 2018

**USA Today** 

By Christal Hayes

President Donald Trump's 2020 reelection banners are being made in haste at one Chinese flag factory as the fear of more tariffs loom.

Workers in Fuyang, China have been busy at work, leaning over sewing machine tables, hemming the edges of Trump's "Keep America Great!" banners and shipping them off. While the summer is usually the slow season at Jiahao Flag Co Ltd, the factory has packaged more than 90,000 of the iconic red, white and blue banners since March, according to Reuters.

Manager Yao Yuanyuan told the wire service that the increase is tied to the ongoing trade war with the U.S. Already, the U.S. has slapped tariffs on \$34 billion worth of Chinese goods and last week, Trump signaled he could increase that to all \$505 billion in goods that China imports.

"It's closely related," Yao told Reuters. "They are preparing in advance, they are taking advantage of the fact that the tariffs haven't gone up yet, with lower prices now."

While the banners are sold both within China and abroad, Yao said it unclear whether they are affiliated with Trump's campaign or the Republican party. Reuters reports the factory doesn't just make paraphernalia for the president but also sells American and rainbow flags.

Trump has taken a hard stance on trade, supporting U.S. made goods since he's taken office but ironically many items he's sold over the years through his multiple business ventures weren't American made, including Trump's vodka, shirts, ties, suits and eyeglasses.

Items in his clothing line, hotels, home decoration line was made in countries including China, Mexico and Bangladesh.

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### Trump-Europe Trade Rift: What Was Settled, And What Wasn't? (Wiseman, AP)

Thursday, July 26, 2018 <u>Associated Press</u> By Paul Wiseman

WASHINGTON (AP) — To the relief of many, the United States and Europe have agreed to avert a trade war over autos and to work toward removing other barriers to trade.

Yet the truce reached Wednesday by President Donald Trump and European Commission President Jean-Claude Juncker after a White House meeting produced few details and no commitments. And it didn't begin to address other Trump-led trade conflicts, notably with China, that have already hurt many U.S. companies.

Still, the news that the United States was at least temporarily holding off on taxing imported cars, trucks and auto parts from the European Union calmed fears on both sides of the Atlantic. The easing of tensions was warmly embraced after a drumbeat of intensely belligerent rhetoric from both sides.

"It's not clear at this point where all this is going and how long it will last," Simon Lester, a trade specialist at the Cato Institute, wrote on the libertarian think tank's blog Thursday. "But one day of trade peace is nice after months of harsh rhetoric and escalating tariffs."

Here's a look at what Trump-Juncker meeting achieved — and what it didn't.

#### WHAT DID TRUMP AND JUNCKER AGREE TO?

Most important, they agreed to suspend a looming trade war over autos. Trump has threatened 20 percent to 25 percent tariffs on imported vehicles and auto parts, which he has labeled a threat to America's national security. The EU has been readying retaliatory taxes on U.S. products. Now, those tariffs are on hold as long as the U.S. and EU keep talking in good faith.

Trump had faced a backlash against his threatened auto tariffs on Capitol Hill, especially from lawmakers whose constituents would stand to suffer. Sens. Doug Jones, D-Ala., and Lamar Alexander, R-Tenn., introduced legislation that would delay the tariffs by requiring the independent International Trade Commission to first conduct a study of the auto industry.

The U.S. and EU also agreed to start talks intended to achieve "zero tariffs" and "zero subsidies" on non-automotive industrial goods. And the EU agreed to buy more U.S. soybeans and to build more terminals to import liquefied natural gas from the United States.

The two sides said they would seek to resolve a dispute over steel and aluminum. The U.S. has imposed tariffs on the metals, again justifying the action on national-security grounds. These tariffs — effectively a tax on imports — have hurt many American manufacturers that require imported steel and aluminum to build cars, boats, machines and many other goods. The EU has counterpunched with tariffs on U.S. products.

Wednesday's meeting raised at least the prospect that those tit-for-tat tariffs would be lifted. But it's hardly assured. No firm dates were set for future talks on the U.S. steel and aluminum tariffs. And Trump, who has frequently changed course for little apparent reason, could always decide that the tariffs should remain in effect after all.

#### IS THE AGREEMENT GETTING GOOD REVIEWS?

Most analysts were relieved that the U.S. and EU had pulled back from the brink of automotive tariffs. But most were also underwhelmed by the lack of detail or formal commitments.

If history is a guide, the U.S.-EU talks on freer trade could stall as the union's 28 member states register objections to specific market-opening proposals and U.S. companies start raising demands on the negotiators.

"These things become Christmas trees with everybody hanging things on them," said Philip Levy, a senior fellow at the Chicago Council on Global Affairs and a former White House trade adviser. Levy cautioned that it would be "wildly unrealistic" to expect a big breakthrough on U.S.-EU trade.

It's also possible that the mercurial Trump could grow impatient with progress and hit Europe with auto tariffs after all. In May, analysts recall, Treasury Secretary Steven Mnuchin announced a cease-fire in a trade war with China after Beijing — like the EU on Wednesday — had agreed to buy more U.S. soybeans and liquefied natural gas. The truce lasted just days. In the end, Trump, retreating in the face of criticism that he had gone soft on China, declared the hostilities back on again.

Moreover, even before Wednesday's agreement, the EU was likely to buy more U.S. soybeans. That's because China, by far the largest market for the crop, has imposed retaliatory tariffs on U.S. soybeans, causing sales to shrink. So the Chinese are buying up all the Brazilian and Argentinian soybeans they can in the interim, leading to expectations that

the EU would buy more from the U.S. Still, the EU's purchases won't come close to making up for Beijing's cutback in purchases of U.S. soybeans.

WHERE DOES THIS LEAVE OTHER DISPUTES BETWEEN THE U.S. AND ITS TRADING PARTNERS?

The Trump-Juncker rapprochement did nothing to resolve America's conflicts with the rest of the world. Other trading partners — including Canada, Japan, Mexico and South Korea — still face the threat of auto tariffs, which could land as early as September. The reverberations would be enormous: The EU accounted for just 22 percent of U.S. auto imports last year; Canada and Mexico combined for 47 percent.

The U.S. steel and aluminum tariffs remain in place. And the United States is still locked in trade war with China. The Trump administration has imposed tariffs on \$34 billion in Chinese goods in a dispute over Beijing's high-tech industrial policies and has threatened to eventually target \$500 billion. China has struck back with duties on soybeans and pork, among other products, affecting Midwest farmers in a region that supported Trump in his 2016 campaign.

On Wednesday, Trump and Juncker raised the prospect of presenting a united front to China — demanding that Beijing curb overproduction, reduce subsidies for Chinese companies and act to protect foreign intellectual property.

"If the West is not nipping at each other, they can turn toward China," said Timothy Keeler, a lawyer and former chief of staff for the U.S. Trade Representative.

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## Trump Declares Victory For Farmers In Trade Spat With EU (Scott, Pigman, AFP)

Thursday, July 26, 2018

**AFP** 

By Heather Scott, Alex Pigman

Washington (AFP) – President Donald Trump declared victory for American farmers Thursday after brokering a ceasefire in a trade dispute with the European Union, but it is unclear how soon it will bring relief to those hurt by tit-for-tat tariffs.

The White House painted the agreement as a vindication of the US president's bare-knuckle tactics, which Trump has deployed even against allies. The details of the deal brokered with European Commission chief Jean-Claude Juncker on Wednesday remain unclear and subject to differing interpretations, but the EU did ward off a new round of US tariffs on autos and received a pledge to roll back duties on steel and aluminum.

In exchange, Trump said he won access for US soybean producers, and for American natural gas.

"We just opened up Europe for you farmers," he told supporters at a rally in the farm state of lowa.

Punishing US metals tariffs angered Washington's major trading partners including the EU and sparked retaliation against important American exports, spooking global stock markets.

US Treasury Secretary Steven Mnuchin said the truce will "immediately resolve" tariffs and the EU retaliation at the center of the costly trade row.

"The first issue that we'll begin negotiating is... the issue on the steel and aluminum tariffs and retaliatory tariffs," Mnuchin said on CNBC.

Brussels had hit back at the US over the metals tariffs by imposing duties on more than \$3 billion of US goods, including blue jeans, bourbon and motorcycles, as well as orange juice, rice and corn.

Mnuchin also confirmed that the US would not impose threatened auto tariffs – which would hurt dominant German carmakers – while negotiations are ongoing. That would head off the threat of another round of EU tariffs on \$20 billion in US exports.

"Phase one will be to immediately resolve those issues so there will be no tariffs in either direction," Mnuchin said.

- 'Vindication' for Trump -

The US declared a resounding victory for Trump and his confrontational stance, as Washington appears to have conceded little in exchange.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Commerce Secretary Wilbur Ross told reporters. "This is a real vindication of the president's trade policy."

The United States and the EU account for about \$1 trillion in transatlantic trade, and on Wednesday the leaders agreed to work towards eliminating all tariffs, trade barriers and subsidies.

Trump also said the EU made a commitment to buy more US soybeans and natural gas, but a European official disputed that characterization.

The joint statement said Brussels and Washington would "work to reduce barriers and increase trade" in a range of products including soybeans, and that the EU "wants to import more liquefied natural gas (LNG) from the United States."

But an EU official told reporters it will be up to the markets to decide whether to buy more US goods. "We are not going to turn into a Soviet-style economy."

European Central Bank chief Mario Draghi called the tentative truce a "good sign, because in a sense it shows that there is a willingness to discuss trade issues in a multilateral framework again."

He warned, however, it was too soon to "assess the actual content."

Germany unsurprisingly hailed the decision, given that its auto industry was the first in line to be punished by Trump's protectionist offensive.

But French President Emmanuel Macron expressed skepticism, saying a good trade negotiation "can only be done on a balanced, reciprocal basis, and in no case under any sort of threat."

US stocks closed the day mostly lower on Thursday, despite rallying after the announcement, as investors were cautious that the trade threat had fully receded.

Agricultural equipment makers Deere & Co. and Agco both advanced, but General Motors, Ford and Fiat Chrysler all fell. All three carmakers slashed profit forecasts in part due to higher supply costs due to US tariffs on steel and aluminum.

But European markets rallied, as French and German carmakers rebounded on news of their reprieve. BMW gained 4.4 percent, Daimler 2.8 percent and Volkswagen 4.0 percent in Frankfurt.

Ross said his department will continue its investigation into possible tariffs on imports of auto and auto parts and submit a report to Trump sometime next month.

However, it "may not be necessary" to impose the tariffs.

Watching China currency movements –

Trump also won a commitment from Juncker to work together to reform the World Trade Organization to address some of his complaints about China on theft of US technology, the behavior of state-owned enterprises, and overcapacity in steel

The Republican president has long complained that the WTO has been unfair to the United States, despite the fact the US has won most of the disputes against China and others.

Mnuchin said there were no new developments on the dispute with China, which has been the target of most of Trump's trade policies.

"i've made perfectly clear that any time China is willing to seriously negotiate – and we're talking about a commitment to reduce the bilateral trade deficit as well as to deal with technology issues – we're available any time," he said.

But he also cautioned that the US is watching China's currency movements for any sign Beijing is manipulating the yuan.

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# Trump Celebrates His Tariff Policies With Illinois Steelworkers Amid Complaints From Midwest Farmers (Stokols, LAT)

Thursday, July 26, 2018 Los Angeles Times By Eli Stokols

A day after announcing a truce in a brewing trade war with Europe, President Trump returned to his protectionist script during two stops across the Midwest on Thursday, touting the reopening of an Illinois steel mill as proof that his tariffs are helping workers.

Despite opposition from the region's farmers hurt by other nations' retaliatory tariffs on agricultural products — and from the farmers' Republican representatives in Congress — Trump urged patience first in Iowa, then in southern Illinois, and asserted that the healthy economy made this an opportune time to pick a fight on trade.

"This is the time to straighten out the worst trade deals ever made by any country in the history of earth. But now they're becoming good again," Trump told steelworkers at a United States Steel Corp. mill in Granite City, III.

He has reached no deals during his presidency, however, instead turning to tariffs against trading partners in recent months. Explaining his hard-line stance to the steelworkers, Trump said America had been "the big dumb piggy bank and everyone was robbing us blind."

"We lost our businesses and our jobs to other countries," he said. But now, Trump said, "We're fighting back and we're winning."

Trump's event captured the unpredictable swings that have marked his trade policy. The celebration of the reopening of two blast furnaces, which the steel company attributed to Trump's 25% tariffs on imported steel, came a day after the president held a Rose Garden ceremony with the European Commission president to announce a trade truce, including his concession to reconsider his steel and aluminum tariffs.

Trade policy is again shaping up as a significant political issue heading into November's midterm election. Yet it seems to hinge on the mood swings of a president who's long been skeptical of the free trade principles that used to unite his party, and is willing to exercise executive authority in a protectionist way that recent predecessors rarely have.

Yet Trump now is confronting the predicted downsides of tariffs. Months after he targeted steel and aluminum imports and placed tariffs on \$34 billion in Chinese goods, trading partners' retaliatory tariffs targeting U.S. agricultural products are threatening farmers, businesses and blue-collar workers in states that Trump won in 2016.

An NBC News/Wall Street Journal poll this week showed that most voters — by a 2-to-1 margin — believe the tariffs will be harmful to the economy.

Trump's Rose Garden news conference Wednesday seemed to be an effort to lower the rhetorical temperature on trade and allay American anxieties about additional economic fallout. And it marked another instance of the president claiming credit for having resolved a crisis mostly of his own making, when he simply was returning to the status quo and much work and negotiations lay ahead.

In Iowa, which along with Illinois is the nation's top soybean producer and bears the brunt of retaliatory tariffs, Trump spoke in glowing terms about the initial agreement with the European Union. He and European Commission President Jean-Claude Juncker agreed to start negotiations toward a U.S.- EU trade deal and avoid new tariffs in the meantime.

"Basically, we opened up Europe," the president said, exaggerating during a roundtable with political and business leaders in Peosta, an eastern lowa town outside Dubuque. "You're not going to be too angry with Trump, I can tell you."

Seemingly trying to dissolve the anxiety among agricultural producers by declaring the situation fixed, Trump spoke of a bond between himself and the pork, corn and soybean producers, who are now increasingly unnerved by the prospect of retaliatory tariffs from other countries.

"The farmers love me. They voted for me. We won every one of the states," Trump said. He blamed other countries for imposing the retaliatory agricultural tariffs, saying, "It's not nice, what they're doing."

With a green-and-yellow "Make our farmers great again" ball cap near him on a table, Trump said he'd convinced Juncker to get EU countries to buy more soybeans from American farmers.

The EU had already been importing soybeans and liquid natural gas. Juncker's promise to push European countries to import more of both was presented as a concession, in exchange for Trump dialing back his threats of more tariffs, including on European autos, while both sides work toward a permanent trade deal.

Analysts had viewed Trump's more amiable tone on trade Wednesday as a tactical move to address mounting criticism in his own party. In quickly reverting to his populist message of economic nationalism, the president left little doubt about his true sentiments.

Coming just a day after Trump talked like a free trader, extolling the ideas of zero tariffs and zero trade barriers, his attacks on existing trade deals and trading relationships threw cold water on the notion that he wanted anything less than outright concessions from other countries.

Not many Europeans were holding out high hopes to begin with, said Fredrik Erixon, an economist and director of the European Center for International Political Economy, a think tank in Brussels. On Thursday, European leaders were debating whether Juncker's approach to Trump was too soft. The French government signaled its disappointment and preference for playing hardball with Trump.

Erixon reckoned that the temporary truce would buy Europe a little more time, but he wasn't optimistic that the talks with Trump would amount to much.

"There was a sigh of relief after the meeting yesterday," he said. "Now there's a big question mark: How on earth do you go from here into the future?"

Trump's Midwestern swing was mostly about easing worries and taking credit. At the steel plant, across the Mississippi River from St. Louis, Trump said that "to see an old, big monster plant like this reopening, that is an honor."

Underscoring that he sees groups like the steelworkers as his political base, Trump, the New York real estate mogul born to wealth, then told them, "I could be one of you. True. Looking around, all these good-looking people, it could be me."

Earlier, on the flight to lowa, Commerce Secretary Wilbur Ross told reporters that the president's hard-line stance on trade had brought the EU to the negotiating table.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Ross said aboard Air Force One. "This is a real vindication of the president's trade policy."

That statement, however, was misleading at best. Before Trump took office, the U.S. and EU had been in tough but advanced trade negotiations after years of talks; his election, and general hostility to trade deals, effectively ended the effort.

Ross said that the U.S. had not lifted the tariffs Trump imposed but had agreed to hold off on automotive tariffs while negotiations take place: "In terms of auto tariffs, we've been directed by the president to continue the investigation, get our material together, but not actually implement anything pending the outcome of the negotiation."

He said the report on auto tariffs would be submitted in August. Imposing them "may not be necessary," Ross said, but he added that in the meantime, "steel and aluminum tariffs stay in place."

Even so, Juncker said in the Rose Garden, with Trump beside him, that the president had agreed to reconsider those tariffs.

In more contradictory statements on trade this week, the president tweeted Tuesday morning that "Tariffs are the greatest!" Then, standing beside Juncker on Wednesday afternoon, he called for "zero tariffs" at some point.

Times staff writer Don Lee contributed to this report.

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### Juncker's Trade Pitch To Trump: 'I Can Be Stupid, As Well' (Pop, Salama, WSJ)

How bravado, flip cards and a White House ally helped European official sell U.S. president on trade detente Thursday, July 26, 2018

Wall Street Journal

By Valentina Pop And Vivian Salama

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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## In Tentative Deal With E.U., Trump Touts Parts Of Global Trade Deals He Once Rejected (Whalen, Paletta, WP)

Thursday, July 26, 2018 Washington Post

By Jeanne Whalen And Damian Paletta

President Trump this week embraced components of global trade deals he has rejected in the past, in a preliminary agreement with the European Union, American and European trade experts and diplomats said Thursday.

Speaking to a crowd of steelworkers Thursday in Granite City, Ill., Trump touted a "historic agreement" with the European Union and said his administration's tough trade strategy is working and making up for unfair trade deals in the past. "This is the time to straighten out the worst trade deals ever made by any country on Earth ever in history," he said.

But the deals the administration has reached fall short of Trump's broad aim of rebalancing U.S. trade relations with the rest of the world — and in some instances adopt elements of past agreements the president is intent on breaking.

Trump's agreement this week with the European Union and a renegotiation earlier this year of a trade deal with South Korea bear similarities to deals that were in place or being negotiated before Trump took office, the analysts and diplomats said.

A key piece of the agreement Trump reached with European Commission President Jean-Claude Juncker to ease escalating trade tensions and forestall further tariffs called for both sides to "work together toward zero tariffs" on non-auto industrial goods, such as aircraft engines and turbines.

That was also a goal of the Transatlantic Trade and Investment Partnership, or TTIP, a proposed deal that the United States and the European Union were negotiating under the Obama administration and that subsequently withered.

"There does seem to be a lot of similarity in what Trump wants to achieve and what the TTIP tried to accomplish," said Eswar Prasad, professor of trade policy at Cornell University.

Wednesday's joint statement from Juncker and Trump also called for easing trade barriers in sectors such as pharmaceuticals and chemicals, aims that were part of the TTIP, said Anthony Gardner, who was U.S. ambassador to the European Union during the Obama administration.

The Trump administration's reworking of a trade deal with South Korea included some improvements for Washington, including a Korean agreement to restrict its steel exports to the United States, trade experts said.

But Jeff Moon, who was assistant U.S. trade representative to China during the Obama administration, said the new deal was largely similar to the previous one "because it wasn't that bad a deal."

During his hour-long speech at a U.S. Steel facility in Granite City, Trump gave a provocative, forceful defense of his approach to economic and foreign policy, arguing that his hardball tactics had worked with China, the European Union and North Korea.

It is a message the White House is trying to reinforce after many business leaders and Republicans in recent days expressed concern that Trump's trade agenda was starting to backfire.

Midway through the corporate earnings season, some of the country's largest companies have reported that they are feeling the pinch of the Trump administration's trade war.

The executives, who lead companies across a broad array of industries, identified the tariffs — especially on aluminum and steel — as a potential drag on profits.

They said the import taxes could lead to higher prices for consumers and force companies to make major changes in production lines, including moving some operations out of China.

General Motors, Coca-Cola, Harley-Davidson and Brown-Forman have all warned that the tariffs could push them to increase prices.

Republicans also have raised concerns about Trump's trade strategy.

Rep. Garland "Andy" Barr (R-Ky.) said that although he is pleased with the E.U. agreement, he is concerned about the effects of the trade tensions on the bourbon industry and on car plants in his state.

"We appreciate the administration lowering the temperature with the E.U., but to my question about retaliatory tariffs on Kentucky bourbon exports, I don't have a solution yet for my bourbon industry," Barr said.

"I also stressed that there are a lot more jobs at Toyota Motor Manufacturing in Kentucky that are negatively impacted by these steel tariffs than there are at the aluminum smelters and the steel production facilities in Kentucky," he added.

Trump said that U.S. policy before he became president was "stupid" and that the economy during the Obama administration was "going to hell." At one point, he said countries used to look at the country as the "big, fat, sloppy United States."

The rosy picture Trump painted of his agenda was only a partial reflection of where things stand. He characterized the E.U. negotiations, which began in earnest Wednesday, as nearly completed, but many differences remain. And relations with China are still chilly and uncertain amid an escalation of tariffs.

In a room full of steelworkers in a revived steel town, those nuances weren't as important as the momentum Trump said he was fueling. U.S. Steel executives and employees are strong supporters of the tariffs Trump imposed on steel and aluminum imports this year.

Bob Edwards, 60, was rehired by the Granite City steel plant in January 2017 after having lost his job 11 months earlier.

"A regular paycheck and a booming economy — when you are doing something, you are not worried about everything else," said Edwards, whose ponytail was tucked under his orange hard hat. He said he's a strong union supporter and also a strong Trump supporter.

U.S. Steel's chief executive addressed the crowd of about 500 in the sweltering warehouse before Trump arrived, encouraging them to keep working together to help the company continue its growth. U.S. Steel's stock price has roughly doubled since Trump's election.

"We have a president who believes in you," David B. Burritt said. "He's fighting for us."

Speaking before the Senate Appropriations Committee on Thursday, U.S. Trade Representative Robert E. Lighthizer said negotiations to overhaul the North American Free Trade Agreement were proceeding at "an unprecedented speed."

Lighthizer, who also met Thursday with Ildefonso Guajardo Villarreal, Mexico's economic secretary, to discuss NAFTA negotiations, said he hoped to have an agreement in principle with Mexico soon.

"My hope is that we will before very long have a conclusion with respect to Mexico, and as a result of that, Canada will come in and begin to compromise. I don't believe they've compromised in the same way the United States has or the way Mexico has," he said. Canadian officials didn't immediately respond to a request for comment.

Luis de la Calle, a former undersecretary in Mexico's economic ministry, said the United States and Mexico have incentives to conclude the NAFTA talks soon.

"On the Mexican side, there is the incentive of the outgoing government to conclude that issue, and for the incoming government, to not have to deal with it," he said, referring to the presidential administration set to take office in December.

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### **Europeans Are Skeptical Of Trade Truce With** Trump (Ariès, McAuley, WP)

Thursday, July 26, 2018 **Washington Post** 

By Quentin Ariès And James McAuley

BRUSSELS — European officials are struggling to make sense of what seems a temporary trade war truce between President Trump and the European Union, following the visit of E.U. leaders to Washington this week.

Trump and Jean-Claude Juncker, the president of the European Commission, announced Wednesday that they had agreed to work toward resolving disputes over steel and aluminum tariffs, delay proposed car tariffs and talk about a bilateral trade deal.

"Objectively this a good news, that we avoided so far tariffs on cars," said a senior E.U. diplomat, who like many officials spoke on the condition of anonymity to discuss sensitive internal discussions.

In capitals across Europe, a number of national officials echoed that sentiment, heralding the meeting as having prevented a trade war. German Finance Minister Peter Altmaier, for instance, called it a "breakthrough." But others were wary, wondering whether it's realistic to expect Europe to buy more soybeans from the United States, as Juncker signaled, or to become "a massive buyer" of U.S. liquefied natural gas, as Trump declared.

And to some European eyes, the more feasible parts of what Trump and Juncker discussed look a lot like the goals of what was known as the Transatlantic Trade and Investment Partnership, or TTIP, an initiative launched by President Barack Obama that aspired to free trade with Europe.

Wednesday's joint statement between Juncker and Trump included calls for easing trade barriers in sectors such as pharmaceuticals, chemicals, medical products and services — sectors that also were discussed within TTIP. Those negotiations have been mostly dormant since 2016, when they were sidetracked by Britain voting to leave the European Union and the United States electing Trump.

"TTIP was way too wide, and negotiations were stuck, as Americans were not keen to discuss greater access to their public procurements, while Europeans were reluctant on the U.S. importing more agricultural products," said a European Commission official.

According to another diplomat, some countries fear that communicating a revival of TTIP could anger voters. From the beginning, the E.U.-U.S. trade proposal triggered resistance from social and environmental activists. Reopening talks during a Trump presidency could backfire, as the next elections for the European Parliament are scheduled for May 2019.

With a White House that frequently changes course and on the spur of a moment, economic analysts hesitated to cast any definitive judgment on the Trump-Juncker detent.

"Is it actual, or is it just perfunctory?" said Maria Demertzis, the deputy director of Breugel, a Brussels-based think tank focusing on economic issues.

As far as soybean imports, prices from Argentina and Brazil tend to be a good deal lower than prices from the United States, according to an E.U. official.

U.S. prices have fallen somewhat in recent weeks, since China enacted its own set of soybean tariffs. But soybeans intended for Chinese markets can't necessarily be redirected to the European Union, which has stringent regulations on genetically modified foods.

According to a senior E.U. official, there have been no discussions about lifting those standards to purchase U.S.

soybeans. The same official said that agricultural products were outside the talks between Juncker and Trump, directly contradicting comments from Commerce Secretary Wilbur Ross, who said Tuesday that "all agricultural products are something that will be discussed."

"Ross can say what he wishes, but it does not correspond to the joint statement," the diplomat said.

A similar situation exists regarding liquefied natural gas, said a European diplomat working on trade issues. That provision probably was meant as a German concession to the White House, the diplomat said, given Trump's recent anger about the Nord Stream 2 pipeline deal, which will bring gas to Germany from Russia.

Nord Stream 2 hasn't been abandoned, though. And U.S. gas remains far more expensive because of shipping costs.

"The idea of significantly more LNG shipments to EU absurd," tweeted Anthony Gardner, a former U.S. ambassador to the European Union. "It is not price competitive with piped gas."

For some trade analysts, the concern was less about the particulars of the Trump-Juncker handshake this week than how Europe plans to deal with Trump, who only recently called the European Union a "trade foe."

"Let's go back a step," said Demertzis, the economic analyst. "What's the strategy here, to the extent that the E.U. has a strategy?"

She noted that the bloc has recently signed major trade deals with other partners, notably Japan. Meanwhile, it's contesting the Trump administration's steel and aluminum tariffs — which remain in effect — before the World Trade Organization, and it has pledged proportionality in retaliatory measures toward U.S. products.

"If you go and strike a deal with Mr. Trump, you have to think how that fits into the strategy," she said. "Striking a deal would do damage, in my view, to what you're trying to do on a broader level."

McAuley reported from Paris.

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### Trump Says Europe Will Buy More American Gas. Is That Possible? (Reed, NYT)

Thursday, July 26, 2018 New York Times

By Stanley Reed

When President Trump met with Jean-Claude Juncker, the president of the European Commission, at the White House, the two said they were entering a new phase in their relationship. Crucial to that will be natural gas.

Demand for natural gas — a cleaner-burning fossil fuel than coal or oil — is rising worldwide, and the United States is a growing supplier of liquefied natural gas, or L.N.G. The European Union, meanwhile, wants to diversify its energy supply, which remains somewhat dependent on Russia, with which it has a difficult relationship.

Mr. Trump said on Wednesday that the 28-nation European Union would be "a massive buyer of L.N.G.," before adding, "We have plenty of it."

Any such shift won't happen overnight, though.

In simple terms: Europe's consumption of natural gas is increasing, and its domestic production is falling. Its imports have risen rapidly in recent years, and will most likely increase further in the future.

"The question is: Where will these increased imports come from?" said Marco Alverà, chief executive of SNAM, an Italian natural gas infrastructure company.

Many of the region's power plants are switching from being fired by coal, which has high levels of carbon emissions, to running on gas, which is significantly better for the environment (though not entirely clean).

But gas production in Europe is declining. One major reason is that the Dutch government ordered a sharp reduction of output at the enormous Groningen field, because of earthquakes caused by exploration there.

And some other sources may be near maximum capacity. Pipeline gas, the main source of Europe's gas imports, might have peaked, especially from sources like North Africa, analysts say.

L.N.G., a chilled form of natural gas sold by the United States that can be transported on ships to any place with a specific type of terminal, offers another option. Europe already has several such terminals in place — in fact, it is using less than half their available capacity.

To start, just having the possibility of importing large amounts of L.N.G. from the United States, or indeed elsewhere, eases the risk that Russia could apply a gas chokehold on Europe. (Germany, for example, imports around half of its natural gas from Russia.) Poland and Lithuania, which are especially wary of Moscow, have recently built L.N.G. receiving terminals for this reason.

Still, Europe's dependence on Russia is driven largely by one factor — Russian gas is cheap.

European gas prices are now largely determined by trading on financial markets, but they are often too low for American suppliers to compete. The cost of liquefying gas in the United States and transporting it to Europe doubles its price for American companies. So if they were to sell to customers in Europe at current prices, they would lose money.

By contrast, Russian gas sent by pipeline to Germany costs far less, allowing Russian companies to make large profits, according to Jonathan Stern, founder of the natural gas program at the Oxford Institute for Energy Studies.

There is also another benefit: Buying more gas from the United States could give Mr. Trump a reason to hold off on imposing costly tariffs on auto imports. Giles Farrer, an analyst at the energy consultancy Wood Mackenzie, points out that the president has tried to use gas to improve the United States' trade balance in talks with Europe and China.

Cost is a major factor.

Europe has pushed hard in the past two decades to create a freely traded market for natural gas, according to Mr. Alverà of SNAM. The region has, in essence, bet that a functioning market is the best route to easing dependence on any one source.

While American gas exports have grown rapidly, most shipments have gone to Asia and Latin America, where prices have been higher. Price differences mean American gas is usually attractive to European buyers only during cold snaps, when prices on the Continent rise. If a glut of L.N.G. emerges in the future, more of that gas from the United States may wind up in Europe, but that could mean American suppliers lose money, Mr. Stern said.

The United States became a natural gas exporter only recently, as large quantities of the fuel have become available from shale drilling. As a result, the country has yet to construct the export terminals necessary to sell its gas to customers further afield. The United States is expected to add substantially to this export capacity in the next few years, though.

"It makes a lot of sense for U.S. L.N.G. to fill the gap," said Oswald Clint, an analyst at Bernstein Research.

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### Europe Averts A Trade War With Trump. But Can It Trust Him? (Erlanger, NYT)

Thursday, July 26, 2018

**New York Times** 

By Steven Erlanger

BRUSSELS — When he arrived in the Oval Office for negotiations over their growing trade war, Jean-Claude Juncker, the president of the European Commission, brought a small gift for President Trump, a renowned admirer of military commanders. It was a photograph of the cemetery in Luxembourg where Gen. George S. Patton is buried.

Mr. Juncker, a wily, if often maligned, former prime minister of tiny Luxembourg, added an inscription, alluding to the shared sacrifice of Americans and Europeans during World War II. "Dear Donald," it read. "Let us remember our common history."

Mr. Juncker left the Oval Office on Wednesday with a deal — or at least a truce — that for the moment has defused the Trump administration's growing trade war with Brussels, while bringing relief across Europe, especially in Germany. Yet if Europe's political and business leaders are cautiously optimistic that an economic crisis has been averted, they are also wary, given their history with Mr. Trump in the 18 months since he has taken office.

Even as Mr. Trump cast the meeting on Wednesday as a great success, and offered gratitude to Mr. Juncker, the question is whether the deal represents a meaningful improvement in the severely strained trans-Atlantic alliance, or is simply another example of the unpredictable approach of a president who has spent months mocking and undermining European leaders — even describing the European bloc as a "foe."

"The question is, how much do you give in to a bully?" asked Maria Demertzis, the deputy director of Bruegel, an economic research institute in Brussels. "This could just be perfunctory, and if it just stops extra tariffs, that's fine. But you can't really depend on Trump. His understanding of global trade is bilateral balance, which is as good as arbitrary, given global supply chains. And it depends on what side of the bed he wakes up on tomorrow."

For Mr. Juncker, the outcome was a triumph, even if he made concessions. The negotiations are also a reminder that Germany and its chancellor, Angela Merkel, still dominate the European Union. Mr. Trump's threat to impose large new unilateral tariffs on imported automobiles shook German business to the core — and it would also have had a large impact on the Czech Republic, Slovakia, Spain and other countries that are important suppliers and manufacturers to the German car industry.

Now the president has agreed to push that threat to the side as the two parties begin broader negotiations. The trade war erupted after Mr. Trump imposed tariffs on steel and aluminum, and the European Union responded with retaliatory tariffs on iconic American products like bluejeans, bourbon and Harley-Davidson motorcycles. Those tariffs will remain for now, but will be part of the negotiations.

"Juncker's achievement was to get Trump to say publicly that he would reconsider steel and aluminum tariffs and not impose car tariffs in return for a negotiation," said Guntram B. Wolff, director of Bruegel. "For the E.U., the gun is still loaded but it's not pointed at our heads, so for us it's a good moment to negotiate."

Indeed, some analysts argued that the new negotiations effectively represent a resurrection, in some fashion, of the effort begun by former President Barack Obama — and halted by President Trump — for a free-trade pact with Europe, known then as the Trans-Atlantic Trade and Investment Partnership, or T.T.I.P. Together, the United States and the European Union comprise half of the global economy, and analysts were optimistic about the commitment by Mr. Trump and Mr. Juncker to work together to overhaul the World Trade Organization, especially given the rising power of China.

Focusing on the W.T.O. also better fits the European Union's overall strategy, which is to defend the multilateral world order of rules and law — rather than the kind of bilateral deal Mr. Juncker and Mr. Trump just discussed.

For Daniela Schwarzer, the director of the German Council on Foreign Relations, the mere fact that Mr. Trump negotiated directly with Mr. Juncker, as the head of the European Union institution in charge of trade, is vital.

"There was a real danger that the unified position of the E.U. could break open if Trump singled out industries and countries on tariffs," Ms. Schwarzer said. "Trade must remain an E.U. competence, otherwise the single market is meaningless."

Mr. Trump has angrily denounced America's trade deficit with the European Union, even as he has come under increasing domestic political pressure from farmers, businesses and the auto industry over his tariffs. On Wednesday, Mr. Juncker promised to increase purchases of American soybeans and American liquefied natural gas, or L.N.G. But Ms. Demertzis said it was less clear how quickly the Europeans could deliver on those promises — meaning that the immediate value for Mr. Trump may be political.

"Europe has decided to change its trade policies," said Fredrik Erixon, director of the European Center for International Political Economy, "which gives Trump something to sell to his political base."

Tellingly, Bruno Maçães, the former Portuguese secretary of state for European Affairs and the author of "The Dawn of Eurasia," points out that Brussels approved only last Friday some genetically modified American soybeans to be sold in the European Union, an old American demand that would have helped the Washington talks.

European officials said that their offer on soybeans was important for Mr. Trump and for the success of the meeting, given that roughly 30 percent of American soybean

production has traditionally gone to China. "I thank you for that, Jean-Claude," Mr. Trump said, going off-script from an agreed statement.

European officials and analysts acknowledged that Mr. Trump's threat to impose tariffs on the auto industry was a powerful one that forced a European response, despite vows not to negotiate as long as the metal tariffs were in force. As for Mr. Juncker's claim that the suspension of that threat was "a major concession," Mr. Maçães was amused.

"So if I threaten to burn down a house unless the owner pays me, and refrain from doing it when he pays, there were concessions on both sides?" he asked.

Still, it was a great relief for Germany, whose foreign minister, Heiko Maas, welcomed the agreement to start talks. It shows, he said on Thursday, that "The answer to America First can only be: Europe United."

In a speech in Tokyo, Mr. Maas also called for a strategic partnership among like-minded middle powers, like Germany and Japan, to preserve the liberal world order against big predatory powers like China, Russia and now, presumably, the United States.

Indeed, European leaders now seem to have concluded that the only way to deal with Mr. Trump is to negotiate with him — a stance Mr. Juncker and other Europeans once rejected as inimical to the global system.

For Ms. Demertzis, there are dangers in this new tactic. Not only does it cut against Europe's stance as the great defender of the multilateral order, it also risks feeding the tiger, the unpredictable Mr. Trump.

"We haven't seen the end of this, that's for sure," she said. "The only thing that drives the message home in Washington is bad outcomes. The E.U. must stay the course and use proportional measures to whatever comes out of Washington and take the heat until the message gets home."

Milan Schreuer contributed reporting.

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# Trump's Trade Truce With Europe Has A Familiar Feel: It Mirrors Obama's Path (Swanson, Ewing, NYT)

Thursday, July 26, 2018

New York Times

By Ana Swanson And Jack Ewing

When President Trump called a truce with the European Union over trade, the general outlines of his plan sounded familiar. It echoed of earlier negotiations — the ones started under President Barack Obama and shelved by Mr. Trump last year.

Mr. Trump, in many ways, is taking credit for solving a crisis of his own making. After taking office, he criticized the deals of his predecessor and cut off trade talks with the European Union. He raised the stakes by imposing tariffs on steel and aluminum, prompting retaliatory measures by the European Union. Then he stoked the tensions by calling Europe a "foe."

Now, Mr. Trump, in hashing out an agreement on Wednesday with president of the European Commission, Jean-Claude Juncker, is declaring victory. He said the two sides would work to lower tariffs and other trade barriers. They would reduce bureaucratic roadblocks to industrial goods flowing across the Atlantic, while ending conflicting regulations for drugs and chemicals.

The United States was pursuing much the same under Mr. Obama through a deal called the Transatlantic Trade and Investment Partnership. And the collapse of the deal still smarts for large segments of American and European business who had fervently hoped to create a trans-Atlantic version of the North American Free Trade Agreement. The European Union has repeatedly told the Trump administration that it would be happy to revive trade talks.

"Most of the deal is stuff we were already on the verge of agreeing on in the T.T.I.P. negotiations, before that deal got deep-sixed after Trump's election," said Rufus Yerxa, the president of the National Foreign Trade Council, which represents exporters. "But at least the President is talking about more open trade instead of how great tariffs are."

Both European and American officials resisted comparisons to previous negotiations. But it was not immediately clear what would set the new talks apart from those carried out by the Obama administration, beyond their more limited scope. Unlike with the previous round of negotiations, European officials said that the agricultural sector would be excluded from a deal with the Trump administration.

Speaking from Air Force One on Thursday, the commerce secretary, Wilbur Ross, called the European Union's willingness to negotiate a "real vindication of the president's trade policy."

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," Mr. Ross said.

"The major progress today is that our American friends agreed not to increase tariffs on cars and other products during the negotiation, which is a major concession by the Americans, I have to say," Mr. Juncker told reporters after the meeting in Washington.

Mr. Trump's aggressive posture has helped him gain leverage on the trade front with countries like China. But his

confrontational approach has also strained relations with vital allies like the European Union.

It is possible that Mr. Trump has changed the political calculus for Europeans. They are frightened by the prospect of escalating tariffs with their largest trading partner.

Penalties on foreign cars and auto parts were especially worrisome for Europe, where the industry is a big economic driver. Mr. Trump will postpone imposing them to see how the negotiations progress.

"The Europeans have to ask themselves, 'Do we want a trade war or a trade pact?'" said Gabriel Felbermayr, director of the ifo Center for International Economics in Munich. "Before it was a choice between a pact and the status quo."

Among European business leaders, there was cautious optimism that the meeting between Mr. Trump and Mr. Juncker could signal a return to the cooperative relationship that once prevailed between Europe and the United States.

"We would see this as a step in the right direction," said Susan Danger, chief executive of the American Chamber of Commerce to the European Union in Brussels. "Work on these areas first, build up trust, and then we work on progress toward other areas."

Whether the announcement turns into a signed trade deal is not exactly assured.

Europeans continue to question whether a president with an expressed fondness for tariffs is negotiating in good faith. Diplomats, officials and analysts in Europe worry that Mr. Trump could easily pivot back to the hostility he showed toward European leaders at the G7 summit meeting in Canada in June or the NATO summit meeting in Brussels this month.

"It buys time. Potentially it could be more," Jörg Krämer, chief economist at Commerzbank in Frankfurt, said of the agreement between Mr. Trump and Mr. Juncker. But Mr. Krämer added, "Trump is a protectionist, and we can't rule out this was just a tactical move."

Other portions of the plan lack detail or sound unrealistic. Although Mr. Trump said the European Union had promised to purchase more natural gas and soybeans, the market there is dominated by private companies. And the various national governments in the 28-member bloc may have a tough time influencing their purchases.

Mario Draghi, the president of the European Central Bank, was not ready to sound the all clear. He said Thursday that broad trade tensions remained a risk to the world economy.

"Uncertainties related to global factors, notably the threat of protectionism, remain prominent," he said at a news conference in Frankfurt.

The trade talks did not go smoothly under Mr. Obama, either.

Europe and the United States started their trade talks in 2013 in an effort to cut regulations as well as expand trade and investment. But the talks dragged on over divisions over pharmaceuticals, consumer safety and investment rules.

In Europe, the deal ran into resistance from critics who complained that the negotiations were held largely in secret. A big worry was that companies would exploit a trade pact to water down regulations on the environment and food safety.

Germans were among the most strident opponents of a trans-Atlantic trade deal, even though the country's auto industry was strongly in favor of removing tariffs. In 2016, thousands of people marched in Berlin to protest the proposed deal.

When Mr. Trump was elected, the negotiations fell apart.

One of the most toxic parts of the prior deal, an investment court that allows businesses to sue governments for unfair treatment, would likely not be part of future talks. Mr. Trump's advisers have criticized these courts and insisted on removing them from Nafta.

Opposition groups signaled on Thursday that they would keep a close eye on what emerges from this new attempt to dismantle trade barriers.

"Any trade talks between the world's two biggest economies must not start a race to the bottom, jeopardizing hard-won protections for labor rights, public health, sustainable agriculture and the environment," Shira Stanton, a trade policy strategist for Greenpeace, said in an emailed statement. "If the E.U. and U.S. try again to water down essential safeguards behind closed doors, they should expect the same public opposition."

Then there are the practical hurdles to negotiating a trade pact, a process that typically takes years.

To abide by World Trade Organization rules, any future pact would have to cover nearly all trade between the United States and the European Union, which makes it hard to exclude many sectors. Although Europeans have said agriculture will not be included in the talks, many other industries, from manufacturing to services, may fight back against efforts to slash the tariffs and regulations that protect them.

There may be ways to finesse those rules, which the Europeans are anxious not to openly flout. When Japan and the European Union signed a trade pact earlier this month,

they phased in some provisions over 15 years to blunt the impact.

"If they want to do it, they can," said Mr. Felbermayr. "A trade war would be a lot worse than a free trade deal, and no one is going to object."

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### **US-EU Trade Agreement Wins Cautious Welcome In Germany (AP)**

Thursday, July 26, 2018 Associated Press

BERLIN (AP) — Political and business leaders in Germany, Europe's biggest economy, on Thursday welcomed a deal to defuse trade tensions between the U.S. and the European Union, but relief was tempered with caution that details must still be firmed up.

At a meeting in Washington on Wednesday, President Donald Trump and European Commission President Jean-Claude Juncker pulled back from the brink of a trade war over autos and agreed to open talks to tear down trade barriers. But the agreement was vague and the coming negotiations with Europe are sure to be contentious.

The talk about cutting trade barriers "sends an important signal of detente," said Dieter Kempf, the head of the Federation of German Industries.

"The tariff spiral in trans-Atlantic trade appears to have been halted for now," he added. "But now deeds must follow words."

Foreign Minister Heiko Maas, who was on a visit to South Korea, celebrated the agreement as evidence that unity among the European Union's 28 members paid off. "We have seen that when Europe is united, our word counts," he said.

"America and Europe are not enemies," Maas said. "I hope that this realization will once again become what it was until recently at the White House: a matter of course."

He said that the results of the meeting in Washington were above expectations and "we will now have some time."

Juncker said the U.S. and the EU have agreed to hold off on new tariffs, suggesting that the United States will suspend plans to start taxing European auto imports — a move that would have marked a major escalation in trade tensions between the allies.

The head of the German Association of the Automotive Industry, Bernhard Mattes, said the agreement is "good news for business and consumers on both sides of the Atlantic."

"What has to be done now is to fill the agreement with life and quickly start negotiations," he added in a statement.

BusinessEurope, an umbrella organization of European business lobbies, declared that "reason has prevailed."

"The agenda for talks between the EU and the U.S. to deescalate the current trade conflict is the right one," said its president, Pierre Gattaz, adding that "European business is ready to give its contribution in the discussions."

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### France And Spain Want US Action On Steel, Aluminum Tariffs (AP)

Thursday, July 26, 2018

**Associated Press** 

MADRID (AP) — The leaders of France and Spain said they welcomed a trade truce between the United States and Europe called this week, but demanded action Thursday from their ally across the Atlantic to reduce tariffs and rejected negotiating a new trade agreement with the U.S.

"A good trade dialogue can only be based on a balanced, reciprocal basis, but never under any sort of threat," French President Emmanuel Macron said at a press conference with Spanish Prime Minister Pedro Sanchez in Madrid.

Macron added that he wanted to see "clear signals on steel and aluminum that are subject of illegal tariffs in the United States."

The U.S. has imposed tariffs on imports of the metals and threatened to put taxes of 20 to 25 percent on cars, trucks and auto parts imported from the EU, justifying the actions on national-security grounds.

The EU has imposed retaliatory taxes on American-made products.

But on Wednesday, U.S. President Donald Trump and European Commission President Jean-Claude Juncker agreed to engage in talks that would open markets. The EU also agreed to purchase more soybeans from the U.S. and to build more terminals for imported American liquefied natural gas.

Sanchez said neither France nor Spain were comfortable with the deal's potential to harm Europe's common agricultural policy and said they would seek clarification from Juncker, the European Union's chief trade negotiator. Macron said the deal eliminates "useless tension," but also warned that he was against launching negotiations on a vast U.S.-EU trade accord "because the context doesn't allow it."

The French president made his first official visit to Spain on Thursday. He and Sanchez have agreed to pursue a joint agenda on expanding the EU's membership and reaffirmed their shared views on mass migration from northern Africa to Europe.

But both leaders had to field questions about separate scandals that threaten to tarnish their public images.

Macron accused journalists of "stirring a storm in a glass" over his former security aide who was seen beating a protester in video footage published by Le Monde last week.

Prosecutors and French lawmakers have opened a judicial investigation of Alexandre Benalla's actions at the May 1 demonstration he attended with riot police he was supposed to be observing. Macron's office has been under attack for not disclosing the incident weeks ago and how Benalla was disciplined before his firing last week.

"Something grave has occurred which was met with an immediate and proportionate response from the Elysee Palace," Macron said in reference to the home of the French president's offices. He said he was awaiting a "profound and legal analysis" from the investigations.

Sanchez has faced sharp criticism from the political opposition after his government defended a trip the prime minister took with his wife on the official government jet last week to attend a music festival in the eastern region of Valencia.

The Spanish leader said the controversy was "artificial" and the government's security department requires the prime minister to travel by plane.

Macron was hosted for dinner by Spain's King Felipe VI and scheduled to go to Portugal on Friday to meet Prime Minister Antonio Costa and attend a debate on the future of Europe.

Macron and Costa will be later joined by Sanchez and European Commission officials for a mini-summit on energy policy in the region.

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# Macron Says He Needs To See More Detail On Trump-Juncker Accord (Fouquet, Duarte, BLOOM)

Thursday, July 26, 2018

#### **Bloomberg News**

### By Helene Fouquet And Esteban Duarte

French President Emmanuel Macron said he will seek clarifications from the European Commission on elements of the trade agreement its leader, Jean-Claude Juncker, thrashed out with U.S. President Donald Trump this week.

"A good trade negotiation, as I have said before, can be only done on balanced and reciprocal basis and under no circumstances under threat," Macron said during a joint press conference in Madrid with Spanish Prime Minister Pedro Sanchez. "We have some questions that we will want to clarify in the coming days with our European partners."

Macron's reservations about the deal sealed Wednesday in Washington reflect concern that the accord may create imbalances among European countries, and Germany in particular. Sanchez matched his French counterpart's caution.

"The Spanish don't believe in unilateralism or that a specific economy imposes its policies and criteria in international trade," said Sanchez.

In return for a pledge by Trump to suspend the threat of an extra tariff on European Union car exports, Juncker reheated proposals to bolster transatlantic economic ties and buy more liquefied natural gas from the U.S. Such a move would ease Europe's reliance on Russian gas.

Macron said that agricultural products should be excluded from talks, citing European standards on food safety and environment that should not be abandoned in talks.

"This is the principle at the heart of the European sovereignty I am calling for," he said. The deal points to increased imports of U.S. soybeans.

He said that European firms should be given better access to public-sector tenders in the U.S. and called from Trump to make a gesture of goodwill over the "illegal tariffs" he's imposed on steel and aluminum.

"This must comes ahead of any concrete advances" on trade, he said.

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## Macron 'Not In Favour' Of Vast New US-EU Trade Deal (AFP)

Thursday, July 26, 2018

<u>AFP</u>

Madrid (France) (AFP) – French President Emmanuel Macron said Thursday he viewed talks between US President Donald Trump and EU Commission chief Jean-Claude Juncker as "useful", but he was "not in favour" of a "vast new

trade deal" between the European Union and the United States.

"European and France never wanted a trade war and the talks yesterday were therefore useful in as far as they helped scale back any unnecessary tension, and working to bring about an appeasement is useful," the French leader said after a meeting with Spanish Prime Minister Pedro Sanchez in Madrid.

"But a good trade discussion... can only be done on a balanced, reciprocal basis, and in no case under any sort of threat." Macron said.

"In this regard, we have a number of questions and concerns that we will clarify".

Macron said he was "not in favour of us launching a vast trade agreement, along the lines of the TTIP, because the current context does now allow for that," referring to a transatlantic free-trade deal which stalled two years ago.

And he reaffirmed his opposition to including agriculture in any such deal.

"I believe that no European standard should be suppressed or lowered in the areas of the environment, health or food, for example."

Macron went on to insist that "clear gestures are needed from the US, signs of de-escalation on steel and aluminium, on which the United States have imposed illegal taxes. That, for me, would constitute a prelude to making further concrete headway" on trade.

In the US on Wednesday, Trump and Juncker announced a plan to defuse a lingering trade row, that in effect saw Washington back off a threat of auto tariffs against Europe, at least for now.

Nevertheless, the details of the deal remained vague, with a statement mentioning that the transatlantic allies would "launch a new phase" in the relationship.

Spanish premier Sanchez, for his part, also said "we don't want any trade war" and said he was determined to "defend (the EU's) common agricultural policy".

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### Trump Administration Tries To Ease Republican Worries About Trade Fights (Hughes, Schlesinger, WSJ)

Truce with Europe is touted, but lawmakers push for accelerated efforts on other fronts

Thursday, July 26, 2018

Wall Street Journal

By Siobhan Hughes And Jacob M. Schlesinger

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Trump Wants Europe To Buy U.S. Gas—but Russia Is In His Way (McFarlane, Pancevski, Kantchev, WSJ)

Thursday, July 26, 2018

Wall Street Journal

By Sarah McFarlane, Bojan Pancevski And Georgi Kantchev

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

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# Wilbur Ross Says U.S. Investigation Of Auto Tariffs For Europe Will Go On Despite Deal (Boyer, WT)

Thursday, July 26, 2018 Washington Times

By Dave Boyer

Commerce Secretary Wilbur Ross said Thursday the administration's preparations for tariffs on European autos will continue despite President Trump's deal with European Union leaders to suspend any new tariffs.

"We've been directed by the president to continue the investigation, get our material together but not actually implement anything pending the outcome of the negotiations," Mr. Ross told reporters.

He said Commerce will submit its report on auto tariffs sometime in August, and imposing them "may not be necessary."

In the meantime, he said, "Steel and aluminum tariffs stay in place."

Mr. Trump announced with European Commission Jean-Claude Juncker Wednesday that both sides would hold off on any new tariffs and negotiate toward a "zero tariff" relationship. Mr. Juncker agreed that the European Union will purchase more U.S. soybeans and liquefied natural gas.

Mr. Ross credited steel and aluminum tariffs for the agreement.

"If we hadn't had steel and aluminum tariffs, we never would have gotten to the point we are now," he said. "This is a real vindication of the president's trade policy."

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## Larry Kudlow: E.U. Now Backs Trump's Trade Fight With China (Miller, WT)

#### Thursday, July 26, 2018 <u>Washington Times</u> By S.A. Miller

President Trump's chief economic adviser said Thursday that European Union Commission President Jean Claude Juncker pledged to back the U.S. trade fight against China.

The commitment to take on China's trade abuses was made as part of the breakthrough zero-tariff deal struck this week by Mr. Trump and Mr. Juncker, said Larry Kudlow, director of the president's National Economic Council.

"The United States and the E.U. will be allies in the fight against China, which has broken the world trading system," Mr. Kudlow said on Fox Business Network's "Varney & Co."

He said that China attempted to enlist the E.U. to oppose Mr. Trump's get-tough trade policies but Mr. Juncker refused.

"Juncker made it very clear yesterday that he intended to help us [and] President Trump on the China problem," he said.

The agreement to negotiate zero tariffs, zero barriers and zero subsidies on non-auto industrial goods avoided a full-fledged trade war. Mr. Trump pushed the E.U. to the brink of a trade war to get an agreement to level the playing field for U.S.-E.U. commerce.

When Mr. Trump and Mr. Juncker announced the deal Wednesday they included a push for World Trade Organization reforms that could reign in China.

"The world trading system is broken with high tariffs and barriers and technological stealing and [intellectual property] theft," said Mr. Kudlow.

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## Industry Head: Tariffs Could Have Big Impact On US Energy (Anderson, AP)

Thursday, July 26, 2018 Associated Press By James Anderson

DENVER (AP) — President Donald Trump's tariffs on European steel and Chinese goods pose a multi-billion-dollar threat to America's energy industry, though a truce between the United States and Europe offers hope that trade tensions eventually will de-escalate, the head of a prominent U.S. energy trade group said Thursday.

Jack Gerard, the outgoing president and CEO of the American Petroleum Institute, said 25 percent tariffs on European steel will significantly drive up the cost of specialized imports — especially from Germany — long used by U.S. energy firms to strengthen domestic oil and gas pipelines.

"We have companies that have announced multi-billion-dollar projects in this country that have already paid for the steel or have the steel under contract. Now it's being put on the water to come over here and — boom — the economics change by 25 percent," Gerard said in an interview. "It sends a chilling effect throughout the industry — particularly for the big players that use a lot of steel for a lot of infrastructure."

China has warned it may slap tariffs on growing U.S. crude oil and liquefied natural gas exports to retaliate for U.S. trade sanctions. The Trump administration imposed tariffs on \$34 billion in Chinese goods in a dispute over high-tech industrial policies and has threatened to eventually target \$500 billion.

China accounted for 20 percent of total U.S. crude exports and 15 percent of its liquefied natural gas exports in 2017, according to the U.S. Energy Information Administration.

Gerard said he hopes the trade truce reached Wednesday between Trump and European Commission President Jean-Claude Juncker is a harbinger of things to come. New trade agreements would validate Trump's repeated promises to deliver trade pacts more favorable to U.S. workers, Gerard said.

Gerard reiterated industry support for Trump administration moves to accelerate permitting for oil and gas drilling, promote offshore drilling and eliminate environmental regulations considered excessively burdensome by the industry.

He welcomed the April opening of a large LNG terminal in Maryland and advocated for another proposed terminal in Oregon that would tap reserves in the Rocky Mountain West for export to Asia.

Significant advances in hydraulic fracturing have produced the U.S. natural gas boom — one partly driven by Colorado, the nation's No. 5 natural gas producer and No. 7 producer of oil.

The state's \$32 billion oil and gas industry, whose natural gas output has doubled since 2001, hosted an annual roundtable in which Gerard made his last public appearance as API head before stepping down to assume a leadership position with the Mormon Church in his native Utah.

He and Tracee Bentley, executive director of the Colorado Petroleum Council, attacked a citizens' campaign to ask Colorado voters whether to drastically limit future energy development on non-federal lands. A Boulder-based organization, Colorado Rising, is seeking enough voter signatures to place the initiative on the November ballot.

Two state analyses suggest the initiative would rule out 85 percent of non-federal land to development and drastically